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ABSTRACT

This volume reports findings of a field network study of how the Job Training Partnership Act (JTPA) was implemented in 20 states and 40 Service Delivery Areas (SDAs). Chapter 1 is an introduction. Chapter 2 describes the changing organizational and programmatic dimensions of state-level JTPA activities. Variations in the roles played by the actors are examined. Chapter 3 studies state-SDA relations. Focus of Chapter 4 is private sector involvement in JTPA. Chapter 5 discusses the targeting and selection process. Chapter 6 examines the content of training received by participants in the JTPA Title IIA programs. Chapter 7 presents a summary and analysis of findings related to youth implementation issues. Chapter 8 focuses on how the states and SDAs adapted performance standards to local conditions and on the measurement of actual SDA outcomes. Chapter 9 discusses the major features of state Title III programs: organizational arrangements and allocation strategies, sources of matching, state-level targeting, and service mix. Chapter 10 covers other Title III issues, including build-up, expenditure rates, Secretary's discretionary projects, performance standards, monitoring, and the Management Information Systems. Forms are appended. (YLB)

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IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT: FINAL REPORT

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Executive Summary

Introduction

In keeping with the general philosophy that administration and management of publicly funded programs should be done by governmental units that can effectively respond to State and local needs, the Job Training Partnership Act (JTPA) of 1982 gives primary authority to States for design and administration of local job training programs. As the last of ten block grants created by the Reagan administration, JTPA must be seen in the context of a more comprehensive shift in the locus of administrative responsibility for social and labor market programs.

The Field Network process study of the implementation of JTPA not only provides an assessment of the program as a whole but also indicates the degree of diversity among States and localities. If the assumption that different labor market needs require different approaches is valid, then diversity among JTPA programs is both expected and desirable. The difficulty is in describing and analyzing a program with so many interesting and complex variations without resorting to averaging, which would conceal the diversity and fail to convey an understanding of whether this block grant met one of its key objectives, that of allowing States and localities to tailor programs to address their particular needs.

But diversity is not the whole story. Indeed, JTPA prescribes some common goals and processes for meeting the perceived national unemployment problem resulting from inadequate or inappropriate training of the labor force. JTPA clearly reflects the training approach its authors believed would be the most effective. Of course, the outcome is shaped, in part, by the preceding twenty years of experience with federally funded employment and training programs.

The study, and this final report, concentrate on the question of how the JTPA program was implemented in a sample of 20 States and 40 Service Delivery Areas (SDAs) between December 1983 and May of 1985. These conclusions focus only on the most important aspects of the program.

Major Elements of JTPA

JTPA reflects a major shift in national employment and training policy compared with its predecessor, the Comprehensive Employment and Training Act. The new law gives State government much greater authority and responsibility while narrowing the role of the Federal government. It also seeks to bring about an active partnership between government and the private sector. JTPA has broadened eligibility, requiring only that 90 percent of participants be economically disadvantaged, places emphasis on AFDC recipients and dropouts, and includes a requirement that 40 percent of expenditures in Title IIA be on youth. The program also emphasizes training and placement as opposed to income maintenance. Public service employment is prohibited, the use of work experience is limited, and performance standards emphasize higher placement and lower costs. Finally, JTPA provides, under Title III, a new program to provide services to dislocated workers. These are experienced workers who have been displaced from their prior industries or occupations as a consequence of structural changes in the labor market brought about by technological change and international competition.

Devolution of Control to States

In a structural sense, the greatest change with JTPA is the devolution of control to the State level. JTPA transfers program management from the Federal level to the States, and provides maximum flexibility to State and local officials in designing and operating programs with their private-sector partners. In addition to designating the Service Delivery Areas and setting the policy framework within which program services will be designed and delivered, States have responsibility for approving local service delivery plans, allocating grant funds to localities based on formulas in the Act, monitoring local program performance, rewarding good performance with incentive bonuses, and correcting poor performance with technical assistance. Thus a major evaluation question is the way in which the States have handled their new responsibilities.

In exercising these functions, the States have introduced much more diversity in both form and function than there had been previously. In two-thirds of the States, especially where economic development has been a priority for State policy-making, dramatic structural changes from CETA are apparent. Different, or completely new, State agencies have assumed dominant roles in shaping JTPA programs. Strong early participation of the Governors was also evident in most of these situations. As the program has matured, coordination of JTPA with other State initiatives has become an increasing concern. Growing capability and involvement of the State Job Training Coordinating Councils (SJTCCs) has also been a common thread among most States, especially in those cases where strong private-sector participation has developed.

Since many localities already had substantial experience with employment and training programs, gaining the respect of local program operators has been a challenge for the States, especially where a new agency was designated as the administrative entity. In spite of these potential problems, relations between the States and the SDAs have basically been good. State technical assistance operations have grown in sophistication and effectiveness. The SDAs have sought and achieved greater representation in State decisions through SDA associations and representation at the Council level. A gradual "settling in" is apparent as the States have developed their policy setting role while relying heavily on local program management. Possible exceptions to this occur in the areas of performance standards and incentive awards which are only now starting to have an effect.

In the area of special program set-asides, early program diversity was also apparent. States varied in approach from pass-through formula funding to SDAs to total State discretionary control. For the 8 percent Vocational Education set-aside, eight States were using SDA formula funding plans while seven were simply allocating the money to State agencies. Two States were using RFPs to fund specific projects and three States were following mixed strategies.

The 3 percent older worker set-aside reveals roughly the same pattern. Eight States allocated the funds directly to SDAs or local area agencies on aging. Another eight States used an RFP process to distribute their funds, while the remaining four States used a combination of these approaches. Half the States had substantial carryover of 3 percent funds, indicating a significant underexpenditure problem, and some States were making changes in allocation and contracting provisions to improve the expenditure of funds.

Private-Sector Participation

Congress intended that the private sector should have a strong role in planning and shaping employment and training programs under JTPA, particularly at the local level. The Private Industry Councils (PICs), with a majority private sector representation, and the State Councils, with one-third private-

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sector members, both provide the opportunity to realize this intention.

At the State level, the study reveals that private-sector participation has been growing throughout the implementation period. Whereas only eight States showed strong participation at the end of the transition year, by the spring of 1985 a total of 13 States showed strong private-sector influence. These tended to be the States where the Governor wanted a new direction under JTPA, particularly a link to economic development goals.

At the SDA level, the private-sector representatives have played an even stronger role. The Act divided authority for local decision making between the private-sector dominated PICs and the local elected officials (LEOs). Since the LEOs were heavily involved with local employment and training efforts under CETA, there was a serious question as to whether, or how soon, private-sector influence would be felt in programmatic decisions. However, the field observations reveal a rising tide of private sector influence over the last two years. As of the summer of 1985, 65 percent of the sample SDAs were characterized by PIC dominance of local program decisionmaking.

The influence of the private sector is evident in the emphasis on program outcomes, especially placement rates, under JTPA. It is also reported that private-sector dominance has proven useful in protecting elected officials from allegations of fraud and abuse by making hard decisions regarding service providers. In addition, roughly half the SDAs have been doing organized marketing, and this is typically tied to a strong local private-sector involvement in the program.

Characteristics of participants and the selection process

In keeping with the decentralization objectives of block grants, JTPA allows more State latitude in setting eligibility criteria and selecting participants than did the Federal job training programs of the 1960's and 1970's. Most States have extended this latitude to the SDA's and, consequently, to the private-sector representatives on the PICs.

Accepting the general criteria that participants should be economically disadvantaged and at least fourteen years old, it is estimated that the JTPA-eligibile pool included over 40 million people in 1983. Forty percent of these people would not have met the more stringent eligibility requirements of CETA. However, 88 percent of the transition year JTPA participants would have been eligible for CETA programs. In fact, JTPA participant characterisitics in the July 1984 to March 1985 period show remarkable similarity with those of FY 1981 CETA participants.

JTPA did enroll a smaller percentage of public assistance recipients than CETA (44 compared to 50 percent), a slightly lower percentage of minorities (32 compared to 38 percent) and a higher percentage of high school graduates (74 compared to 65 percent). Also, only about 10 percent of JTPA participants were out of the labor force immediately prior to program entry, compared with more than 30 percent of 1981 CETA participants. The bulk (80 percent) of JTPA participants were unemployed at entry. Among youth, the only notable difference is a decline in the proportion of 14-16 year olds in JTPA.

These differences are expected results of a program that is more directly focused on job training, as opposed to pre-training for basic skills, income transfers, or subsidized employment. Limitations on participant support services and the direct involvement of employers in the selection process also create pressures for selection of participants who are ready to make effective use of job training. Finally, performance standards set by the Federal and State governments create an incentive to select participants who can be placed in unsubsidized employment after a period of relatively short, low cost training.

The intake, assessment, and testing procedures in the SDAs typically serve as a screen for selection of the most appropriate applicants. Although no comprehensive data on the number of program applicants is available, the Associate reports clearly suggest that there are many more applicants than training slots. Generally, the steps that an applicant must go through include eligibility verification, testing and assessment, determination of whether an appropriate training slot is available, and acceptance by the training agency. Within this process there are several opportunities to judge applicant motivation and the probability that he or she can successfully complete a training program. In most cases, an applicant does not become a participant until actual assignment to a training activity.

While this process offers considerable opportunity for screening, the applicant pool is limited to those who are truly interested in short-term training for entry-level jobs. There is also evidence that States and SDAs are sensitive to traditional patterns of enrollment and that they attempt to obtain an enrollment pattern that reflects the race, sex and age distribution among the disadvantaged. This is reflected in State and SDA imposed "significant segment" requirements. These represent "input" measures in addition to the "output" measures (performance Standards) required by the legislation.

Participant characteristics were also affected by the target groups specified by the States. The average number of special target groups in the sample States and SDAs was between three and four and included such groups as the handicapped and displaced homemakers.

Thus, while there are some important differences, the population of JTPA participants has much the same demographic and economic characteristics as that of CETA and other training programs. Moreover, the self selection and screening processes provide participants that both want and need what JTPA provides.

Training

The various job training activities in Federally funded employment and training programs that have been tried over the past 25 years are usually classified into the following categories: basic education, classroom skill training, on-the-job training, work experience, job search assistance, and subsidized public employment. JTPA has added a few "exemplary programs" to the list, but is primarily different from its predecessors, particularly CETA, in its exclusion of subsidized public employment and its emphasis on program activities that lead directly to job placement. Thus, the emphasis (as measured by enrollments) in the July 1984 to March 1985 period was on classroom training (32 percent), on-the-job training (21 percent) and job search (13 percent in direct job search assistance and up to an additional 16 percent in job placement and job search related skills). Relative to CETA, this reflects a clear increase in the proportion of on-the-job training and job search assistance, mostly at the expense of work experience and classroom training.

Diversity among the sample SDAs is clearly illustrated by the great variation in the program activity mix. On-the-job

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training ranged from 3 to 64 percent of the participants, classroom training from 2 to 76 percent, basic education from 0 to 22 percent, and job search from 0 to 37 percent. These differences reflect different State and local goals and strategies, the level of private-sector involvement, labor market conditions and the traditions held over from other programs.

The classroom skill training provided is primarily for clerical, operative and maintenance occupations, as was the case for most classroom training under MDTA and CETA. The duration of most JTPA classroom training programs is between three and six months, with only a very few long term skill training programs of more than six months, reflecting the focus of JTPA on short term training and placement into entry level jobs.

The structure of most OJT programs is consistent with this view of JTPA emphasis. The median length of OJT contracts sampled during the transition year was 13 weeks, with an average stay of about 12 weeks, and the median contract wage was $4.50 per hour. Most of the contracts were for entry level jobs in low skill occupations and the average hourly wage at termination was about $4.70, slightly below the national performance wage standard of $4.90.

The increase in job search assistance, through job clubs and similar activities, is an interesting trend. While this activity does not provide job training, the average entered employment rate of 77 percent is impressive and suggests that it, quite possibly, provides a better match between workers skills and employer needs. The high rate of placement, short duration, (an average of two weeks), and low cost make this activity attractive for program administrators and to participants who are job ready even though they cannot locate suitable employment.

The decreases in basic education and work experience seem to be related to their expense and indirect linkage with employment. Work experience is primarily a youth program, often used to help the SDA meet the youth expenditure requirement. A relatively new type of work experience, called tryout employment, permits youth up to 250 hours of private sector employment with a 100 percent wage subsidy, provided the youth is subsequently retained by the employer.

In all, JTPA has resulted in a shift of training emphasis and long term skill training is relatively rare. In fact, the average training time apears to be less than it was under CETA. JTPA is a program for those who are job ready or nearly job ready.

Title IIA Performance

A major goal of JTPA is placement into occupations where employers need workers. In order to reach this goal the Act promotes greater State and local responsibility for matching the programs to local needs, greater government - business cooperation to assure that the labor market needs of business and industry are met, and better program management. The field network study clearly indicates that the role of the States has been increased and that many States are seizing this opportunity to use JTPA to address other objectives such as economic development or meeting the needs of special subsets of the eligible population. Private-sector involvement in planning and administering JTPA programs has clearly increased and, in many SDAs, there is a growing feeling in the private sector of program partnership with local government.

The increased role of the State and the increased private-sector involvement, along with the imposition of performance standards, appear to have shifted management attention towards performance and outcomes. In PY 1984, all of the States adopted the Federal performance measures and 40 percent went beyond those standards. Most States also established guidelines for the distribution of the 6 percent incentive funds based on the adopted performance standards. Most SDAs met the performance standards with relative ease and the standards were probably more important in changing the managerial focus than in causing major changes in program design.

Performance on the various standards differed during the transition year. Ninety-three percent of the sample SDAs met their adult and welfare recipient entered employment rates and 88 percent met their cost per entered employment standard. However, slightly less than three-fourths met their average wage at placement standard. This is an indication of the PIC emphasis on placement and cost as well as another indication of the kinds of jobs in which participants are being placed. The fact that only one-third of the SDAs met their youth positive termination rate standard while 83 percent met their youth entered employment rate is indicative of a preference for placements as well as the fact that youth competency systems were just beginning to be implemented.

Another indication of changed managerial processes is the use of performance-based contracting. Originally touted as a means of assuring that performance standards would be met, these contracts often focus on entered employment rates and cost per entered employment. However, they also provide a clear way of telling contractors what is expected and a standard by which contractors can be compared and success or failure defined. Eighty-five percent of the SDAs reported some use of performance-based contracting at the end of PY84. This approach to subcontracting is consistent with the private-sector emphasis on accountability and outcomes.

It is not yet possible to determine whether such measures will increase job retention, the net earnings of participants, or total employment. However, the entered employment rate for program terminees was at about 65 percent in the first nine months of PY 1984, compared to approximately 40 percent in FY 1981 CETA programs. While job market conditions have improved and there may be some differences in measurement and the definition of terminees, there is no doubt that this reflects a substantial increase in placements.

Youth Emphasis

The 40 percent youth expenditure requirement has been an issue since the inception of JTPA. From the start, the field reports indicated SDA apprehension over reaching the youth expenditure level. At the time of the Phase III observation, about three-fourths of the sample SDAs expected to reach their assigned youth expenditure rate. While the requirement varied from 27 percent to 47 percent among the sample SDAs, the actual level does not appear to be related to success in meeting this requirement.

Of those SDAs with special programs for youth, 88 percent expected to achieve their required expenditure level, while for those without such special youth programming, only 12 percent expected to meet the required level. Further, during the transition year only 33 percent of sample SDAs met the positive termination rate performance standard for youth and only 55 percent met the cost per positive termination. Both shortfalls are related to the slow development of youth competency systems to augment the entered employment option in youth programs. As the performance standards come more heavily into play, the SDAs will raise their youth performance.

While no one would question the relevance of the kind of behaviors included in youth competency systems, it is possible to ask whether this is the most effective use of scarce employment and training dollars. If JTPA is primarily oriented to placement in unsubsidized employment, it may not be the most appropriate vehicle for addressing the problems of in-school youth. In the transition year, 55 percent of sample SDAs met all the adult performance standards, but only 22 percent met all the youth standards. It is not obvious that this is a failure at the SDA level, it may reflect the lack of youth competencies and the youth labor market situation faced by the SDAs.

Title IIA Issues

One of the persistent questions about Federally subsidized training programs for the economically disadvantaged is whether screening and selection processes result in a participant group that is less needy than the intended target population. This "creaming" issue is difficult to address by looking at measured participant characteristics, since it is evident that there is a tremendous range in capability and initiative within any population defined only by income level. From another perspective, however, income level can be seen as an indicator of need and, when combined with the willingness of an individual to apply for JTPA sponsored training, may be a sufficient requirement for program entry.

It is evident that JTPA serves a marginally less disadvantaged population than CETA. The emphasis on successful placement suggests that, of the eligible applicants, those most likely to succeed should be selected. That appears to be the way JTPA works, within the constraints of restrictions on eligibility, youth requirements, and special target groups. The participant characteristics could be altered by changing the restrictions. For example, if there is strong feeling that more public assistance recipients should be included, a minimum percentage of participants from that population could be set. However, such a requirement would undoubtedly influence such things as placement rates and the number of OJT positions that could be created. Within the constraints imposed by the performance standards, States and localities are free to make such choices and they appear to be exercising their options in many, if not most, instances. In some cases, they are mandating target groups that include public assistance recipients, dropouts, older workers, and the handicapped.

The "creaming" issue should not cloud the realities of JTPA participation. With entry wage levels averaging less than $5.00 per hour, training periods usually ranging from three to six months, no stipends during training, and minimal support services, the most employable among the unemployed and economically disadvantaged are not likely to be attracted to the program. Among those who meet the income eligibility level and seek JTPA training, it is difficult to argue that many are overqualified and should be screened out in favor of more disadvantaged applicants.

A more important question may be whether there is evidence of substantialy more job training in JTPA programs, or even whether program cost limitations permit that kind of training. The emphasis on short-term classroom training, entry level low wage OJT slots, and job search assistance, all for an economically disadvantaged population, clearly suggest a goal of low level entry placement rather than training to meet critical skill shortages. This is not unique to JTPA programs and was one of the major criticisms of CETA.

The characteristics of participants and the kinds of training provided also show up in the average wage rate of successful program terminees. The modest national performance standard of $4.90 per hour was relatively difficult to reach, with slightly under three-fourths of SDAs meeting their wage standard for adults. If the wage rate is the primary indicator of the quality of the jobs attained and SDAs are spending approximately the level of the national cost standard ($5,900 per placement or less) on training (88 percent met the standard), it is appropriate to ask whether better jobs at higher pay are possible within the JTPA program structure. If so, then the policy choices are: spending more on training; more careful screening of applicants for job readiness; or accepting the low wage job entry level placements as the norm.

There are some inherent conflicts in the youth emphasis. First, youths comprise 20 percent of the JTPA eligible population, but the legislation requires that 40 percent of expenditures be on youth. Second, the cost per positive termination performance standard for youths is, at $4,900 per positive termination, on average, below that for adults. If both requirements are to be met, youths must account for more than 40 percent of enrollments. Third, JTPA puts limits on the use of work experience and, although roughly 40 percent of enrollments in CETA were youths, work experience accounted for slightly less than half of all youth enrollments.

There are several potential adaptations to this dilemma. First, the field reports indicate that outreach increased substantially between the transition year and the PY 1984 observation, and that this was primarily directed to youth. Further, almost all work experience was devoted to youth (14 percent of youth enrollments versus 3 percent for adults) and the amount of youth work experience increased slightly in the first nine months of PY 1984. However, this strategy leads to an increase in costs, but has a relatively weak relationship to placement. During the transition year only 55 percent of the sample SDAs met their youth cost per positive termination standard.

Second, SDAs can utilize exemplary youth programs, such as tryout employment, which have a strong relationship to placement but imply that younger, in-school youth will not be served. During the nine months of PY 1984, 12 percent of the youths served were 14 to 16 years old, half the proportion served in the FY 1981 CETA program, and down from 14 percent during the transition year.

A third strategy is the development of youth competencies as a way of serving younger, in-school youth, increasing the number of positive terminations, and, since these are relatively low cost services, reducing the cost per positive termination. Indeed, the vast majority of the SDAs were implementing youth competency systems during PY 1984. However, this strategy is not in keeping with the emphasis of the PICs on placements and implies that the proportion of youth served must be substantially greater than 40 percent if the youth expenditure requirement is to be met.

The Title III Dislocated Worker Program

Title III of JTPA authorized a new Dislocated Worker program in response to basic structural changes that are taking place in the U.S. economy as the result of technological change and world competition. These changes may, in some cases, result in plant closings, mass layoffs and permanent job loss among experienced workers.

The Title III program has as target groups persons who have been laid off or terminated and long term unemployed individuals who are unlikely to find employment in their prior occupation or industry. Beyond this, however, Governors are allowed considerable discretion in defining those eligible for Title III programs in their State with some States including, for example, displaced homemakers and farmers as eligible groups. States are given complete discretion over who will operate these programs, the geographic areas in which they operate and the services that will be provided to participants. However, the clear intent of Congress was to concentrate Title III services on retraining of experienced workers who have recently been laid off from jobs to which they are unlikely to return, rather than on economically disadvantaged persons who have just entered or reentered the labor force.

Three-fourths of the funds under Title III ($223 million in Program Year 1984) are allocated to the States based on a formula that includes the relative number of unemployed in the State; the relative number of excess unemployed (more than 4.5 percent of the labor force) and the relative number of long term unemployed in the the State. The other one-fourth of the funds are allocated to the States at the discretion of the Secretary of Labor. These funds may be used to provide job search assistance, retraining, prelayoff assistance, and relocation services to dislocated workers.

As a new program that provided wide discretion in organization, it is not surprising that there were early start-up problems, organizational changes and low initial expenditure of funds. Title III has developed, however, as very much a State program. There is less involvement of the State Council in this program than in Title IIA and the bulk of the funding goes to new program operators outside the State Service Delivery Area structure. This added to the initial start-up problems, but established Title III as a State (Governor's) program that was easier to use in support of other State objectives - most often economic development.

The interaction of a new program, combined with the considerable discretion granted to States, has resulted in a degree of diversity that exceeds that found in Title IIA. Procedures for allocating funds vary substantially. Most common (eight States in PY 1984) was the use of a Statewide program operated through State agency offices or through contractors. An RFP process was used in six States in PY84 though statewide coverage was not guaranteed and often specific plants or geographic areas were specified. Other procedures included establishing predetermined amounts of funds for specific geographic areas which must then apply for them, or formula funding all or part of the funds to counties or SDAs. In addition, a number of States held contingency funds for gubernatorial response to specific problems such as plant closings. As an additional sign of diversity, six of the 20 sample States changed their primary procedure for allocating funds between the transition year and PY 1984.

The service mix in Title III also reflects the flexibility granted to the States and delegated to local program operators. Most local program operators were allowed to select service strategies with minimal State guidance or assistance, although State control could be exercised through project selection. Some States funded projects designed to locate immediate employment for participants; the premise being that the dislocated worker has skills and can find a new job with improved job search skills, resume' writing, and practice at interviewing and completing job applications. Other States funded projects designed to retrain workers displaced by plant closing whose skills were thought to be obsolete. These projects offered classroom and vocational skill training, often in combination with OJT contracts with small businesses.

The average length of time spent in skill training is, relatively short and even in combination with job search training, costs per participant are low compared to the national standard. Some operators feel that participants have skills and need minimal retraining; others find it difficult to convince participants with immediate income needs to engage in long-term training for occupations that may pay less than their previous jobs.

Probably because of the novelty of the program, the initial start up of Title III was slow and early expenditure rates were low. However, by the end of the transition year (June 1984), only 2 percent of available funds were uncommitted and another 6 percent was being held in contingency funds by the States, even though only 39 percent of available funds had been spent.

More than half the States had obligated 85 percent or more of their funds by the phase III observation, (three-fourths of the way through PY 1984). At the same time two-thirds of the States had expended 50 percent of more of their funds. But one-fourth of the States had obligated less than 50 percent of their funds. The same one-fourth of the States had expended less than a third of their funds.

Thus it would appear that there is an allocation and expenditure problem in about one-fourth of the sample States. Further, these States hold in common an allocation procedure that either made the funds "available" to the SDAs, but held the funds at the State level until the SDAs applied for them, or held the funds at the State level to be "drawn down" by local Employment Service offices to support OJT contracts or training for dislocated workers.

Finally, though the allocation and expenditure "problem" seems to be concentrated in a minority of States using particular allocation procedures, the lags built into the allocation and expenditure procedures used for Title III imply that annual carryover of unexpended funds will probably be in the range of 25 to 40 percent.

Title III requires a one-for-one match of formula funded allocations. The match is reduced by 10 percent for each 1 percent the State's unemployment rate exceeded the national average in the prior fiscal year. All but one of the sample States had to provide a match. Of these, only three States appropriated any matching funds. In the other States, the matching requirement was passed on to the program operators. The most commonly used sources of the match were the employer's share of OJT wages, the nontuition share of the cost of providing training in State institutions, Unemployment Insurance benefits received by participants, and in-kind contributions by State agencies or the private-sector.

The use of in-kind contributions to provide the match does not increase available program resources. At the same time it was reported in some cases that: the necessity of providing a match discouraged some potential program operators; the reliance on OJT wages or the need to find eligible individuals with sufficient Unemployment Compensation benefits hindered enrollments; and, documenting and accounting for in-kind contributions was burdensome.

The Department of Labor did not set numerical performance standards for Title III. However, Governors were to set an entered employment rate for PY 1984. By the end of PY 1984, only two States had not set performance standards for Title III. All but a few of the entered employment rate standards were established based on Title IIA standards rather than the transition year experience under Title III. Sixty percent of the States set cost per entered employment standards and half set an average wage at placement standard. Several States set different standards for different projects, types of service or target groups, or, implicitly, established standards for cost and placement in their contracts with program operators. However, performance standard setting for Title III lags behind the Title IIA process.

Summary

The Job Training Partnership Act exhibits the diversity in organization, programming, services and outcomes that one would expect from a State controlled, but locally operated program. The legislative objectives of State control and private-sector partnership, appear to be well on their way to achievement. This, in turn, has led to the desired emphasis on training, placement and cost efficiency and reduced the attention to client needs, support services and the income maintenance aspects of prior programs. Some issues remain. The efficiency emphasis means that JTPA shares with its predecessors the tradition of devoting few resources to intensive skill training and an emphasis on placement in entry level jobs as well as a lessened, but still present, conflict between who is served and program outcomes.

1. INTRODUCTION

1.1 The Study

In passing the Job Training Partnership Act (JTPA), Congress sought to make certain changes in the structure of the federally supported employment and training system. Shortly after the act was passed, the U.S. Department of Labor (DOL) contracted with Westat, Inc., to perform a two-year process study of the implementation of Titles I, IIA, and III of the act. The study was designed to assess whether the changes that Congress envisioned took place in the organization, administration, and operation of the program.

This volume reports the findings of a field network study of how the act was implemented in a randomly selected sample of 20 States and in 40 selected Service Delivery Areas (SDAs) within those States. The States were chosen to be representative by region of the country and by size of the Title IIA and III allocations for transition year 1984 (TY84).

Earlier Reports

In the first phase of this study, observations were made early in the transition year in the sample of 20 States during December 1983 and January 1984 and in 22 SDAs of the eventual sample of 40 SDAs in February and March 1984. That phase of the research focused on early organization and implementation of JTPA at the State and SDA levels for both

Titles IIA and III. The observation resulted in two reports.[1] Another part of the initial phase of the study was an investigation of the allocation of Title III funds and an inventory of all Title III projects funded with FY83, Emergency Jobs Bill (EJB), and TY84 funds in all 50 States as of March 1984.[2]

The second phase of the study included an observation in the 20 States and 40 Service Delivery Areas from May to August 1984 at the end of the transition year. That observation was designed to collect information on the transition year as well as plans for program year 1984.[3]

This report includes a summary of these earlier findings as well as the results of a third phase of observation that took place in the full sample of States and SDAs in May and June 1985, covering the first nine months of program year 1984.

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[1] Robert Cook, V. Lane Rawlins, Cilla Reesman, Kalman Rupp, Wayne Turnage and Associates, State Level Implementation of The Job Training Partnership Act, Office of Research and Evaluation, Employment and Training Administration, U.S. Department of Labor, June 1984.

Robert Cook, Cilla Reesman, Kalman Rupp, Wayne Turnage and Associates, Early Service Delivery Area Implementation of Job Training Partnership Act, Office of Research and Evaluation, U.S. Department of Labor, June 1984.

[2] Wayne Turnage, Robert Cook, Ronna Cook and Associates, the Organization of Title III of the Job Training Partnership Act in Fifty States, Office of Research and Evaluation, Employment and Training Administration, U.S. Department of Labor, May 1984.

[3] Robert F. Cook, et al, Transition Year Implementation of the Job Training Partnership Act, Division of Research and Evaluation, Employment and Training Administration, U.S. Department of Labor, January 1985.

Key JTPA Elements

JTPA reflects a major shift in national employment and training policy and philosophy compared with its predecessor, the Comprehensive Employment and Training Act (CETA). Among other things, the new law gives State governments much greater authority and responsibility while narrowing the role of the Federal government; seeks to bring about an active partnership between government and the private sector; focuses JTPA activities on the training function; encourages closer coordination between employment and training service deliverers; and incorporates a major program of services for dislocated workers.

More State Control -- JTPA transfers program management from the Federal level to the States, and provides maximum flexibility to State and local officials in designing and operating programs with their private-sector partners. Primary responsibility for administering job training grants is also delegated to States and Service Delivery Areas. Governors have much greater administrative authority that was formerly vested in the Federal government. JTPA assures that States have a major role in planning training programs by delegating to Governors the authority to:

- Establish the State Job Training Coordinating Council (SJTCC);
- Designate Service Delivery Areas (SDAs), approve locally developed plans, and distribute grant funds to localities based on formulas established in the act;
- Monitor local program performance, prescribe variations in performance standards based on special conditions in the State, and award incentive bonuses for exceeding goals (or take

action, including sanctions, when performance fails to meet standards or remains poor); and

- Establish and administer a new dislocated worker program, a discretionary older worker program, a coordination and special services program, and a State labor market information system.

Changed Federal Role -- The Federal government no longer manages the program. Instead, it has the more limited role of overseeing State operations. This oversight includes monitoring finances and performance, and evaluating the program's effects. For example, in carrying out its oversight role during the initial stages of JTPA, the Department of Labor focused on the Governors' discharge of responsibilities for monitoring local implementation of job training systems and plans. JTPA does call for a Federal role in establishing new program performance standards tied to overall JTPA goals and objectives.

Private-Sector Partnership -- Recognizing that training programs should respond to the needs of business and industry for a well-trained labor force, JTPA requires that each State establish an ongoing partnership with the private sector through the State Job Training Coordinating Council (SJTCC), and that each SDA do the same through the local Private Industry Council (PIC). Under CETA, PICs had primarily an advisory role, but now in each SDA the PIC and local elected officials jointly decide the respective policy and oversight roles each party will perform. Together, they also decide who will develop the SDA's training plan, and who the JTPA grant recipient and local administering entity will be (either or neither of which may be PIC or local government). The training plans must be jointly approved by the PIC and local government and jointly submitted to the Governor for approval.

Focus on Training -- The primary focus of JTPA is on training, especially of the economically disadvantaged, and particularly youths, welfare recipients, and high school dropouts. JTPA is intended as a training program for increasing participants' skills and competencies so they may achieve economic independence, rather than as a vehicle to provide transfer income or subsidized employment. The law restricts payment of wages, stipends, and allowances to participants and eliminates public service employment as an allowable activity. Also, in order to assure that maximum funds are available for training, the law sharply limits amounts that can be spent on administration and participant support services.

Closer Coordination Between Employment and Training Service Deliverers -- JTPA emphasizes closer coordination between job training, employment services, vocational education, and related State and locally administered services. These services are to be tailored to each State's perceptions of the specific needs of its population.

A Dislocated Worker Program -- Recognizing that the U.S. economy is undergoing basic structural changes that result, in some cases, in mass layoffs and permanent job losses, Congress established, in Title III of JTPA, a program directed toward meeting the needs of dislocated workers.

At least 75 percent of the amount available under Title III is allotted by formula for State-administered programs; States must match this allotment dollar for dollar, except in areas of high unemployment. The programs may provide job search assistance, retraining, prelayoff, and relocation assistance.

In summary, within the framework of conditions and standards established by JTPA, State, local, and PIC officials are given maximum latitude in planning and structuring the new job training partnership. To allow States and localities to prepare for the significant changes, JTPA provided for a year of transition before the programs began operating in October 1983.

Summary of the Provisions of Titles I, IIA, and III

JTPA Titles I and IIA

Title I of the act establishes the organizational and institutional structure for delivering job training services. Title IIA provides an open-ended authorization for the basic JTPA program for economically disadvantaged youths and adults.

Title I outlines flexible rules for the design of the service delivery system, which is based on Service Delivery Areas (SDAs), the sub-State level of the JTPA system. The process of designating SDAs involves the Governor, local governments, and business organizations. Requests to be a Service Delivery Area come from units of general local government with a population of 200,000 or more, consortia of contiguous units of local government serving a substantial portion of a labor market, and concentrated employment programs that operated in rural areas under CETA. After receiving proposals from the State Job Training Coordinating Council and reviewing comments from local government and business organizations, the Governor makes the final designation of SDAs.

Title I also creates a framework for establishing Private Industry Councils (PICs), which in partnership with local government provide policy guidance for SDA activities and oversee their operation. Based on agreements with the local elected officials, the PIC determines the procedures for developing the SDA's service plan. Private-sector representatives are to be a majority of the membership. The Governor has approval authority over locally developed plans, but disapproval of any job training plan may be appealed to the Secretary of Labor. Title I also creates a State Job Training Coordinating Council whose members are to be appointed by the Governor and whose plans and decisions are subject to approval by the Governor.

Section 106 of JTPA requires the Secretary of Labor to prescribe performance standards for Title IIA and Title III programs. The Title IIA standards are to be applied to the SDA. However, the Secretary's performance standards may be adjusted by the Governor to account for differences among SDAs.

Title I incorporates provisions concerning the selection of service providers and limitations on certain costs. For example, at least 70 percent of the funds available to a Service Delivery Area must be spent on training. Title I also incorporates provisions concerning training programs for older individuals, State labor market information programs, various aspects of the allocation of funds, labor standards, monitoring, and recordkeeping.

Title IIA of JTPA authorizes a wide range of activities to prepare economically disadvantaged youths and adults for unsubsidized employment. Wide discretion is given to the local service delivery agents to target the program. The national eligibility rules are relatively broad. Economically disadvantaged status is the only general eligibility requirement, and even this is modified by a provision allowing up to 10 percent of participants in any SDA to be persons who are not economically disadvantaged but who face other barriers to employment. Title IIA also specifies criteria for allocating funds among SDAs within a State, based on unemployment and numbers of economically disadvantaged persons. The law specifies that a portion (22 percent) of the total grant be set aside for the State to allocate for special purposes: 8 percent for coordination of State education programs, 3 percent for older worker programs, 6 percent for performance incentives and technical assistance, and 5 percent for State administration. Title IIA also specifies that the job training plan may include provisions for exemplary youth programs.

JTPA Title III

Title III authorizes funds for programs that are targeted on dislocated workers. Both the targeting and the funding arrangements for Title III place great reliance on the Governors. And, while coordination and review provisions are included, the program options for design, organization, and administration under Title III add to the variety of JTPA models of State-local and public-private relations.

The basic allocation provisions for Title III authorize two types of funds. At least 75 percent of the Federal money is allocated among States by a formula with three elements: (1) the relative number of unemployed, (2) the relative number of unemployed in excess of 4.5 percent of the civilian labor force, and (3) the relative number of long-term unemployed. The State must match this formula allocation dollar for dollar, but for each percentage point that the State's average unemployment rate exceeds the nationwide average in the prior fiscal year, the matching requirement is reduced by 10 percent.

Up to 25 percent of Title III money is reserved by the Secretary of Labor for discretionary funding. Grants to States from the discretionary funds need not be matched, but must be applied for under a separate procedure.

Governors are allowed considerable latitude in defining which dislocated workers are eligible for the Title III program in their State. The clear intent of Congress, however, was to concentrate Title III services on experienced workers who have recently been laid off from jobs to which they are unlikely to return, rather than on persons who have just entered or re-entered the labor force. These provisions parallel the targeting of the Area Redevelopment Act training of the early 1960s and the early period of the Manpower Demonstration Training Act of 1962 to 1967. The major difference lies in the Governor's latitude to shape the service programs and to distribute the funds among programs, services, and areas of the State.

The following three provisions explicitly limit this discretion:

1. Section 305 requires that Title III programs, other than statewide or industrywide programs, must be submitted for review and recommendations by the PICs and elected officials of any SDA in which they operate. If local authorities do not support the program, but the State chooses to operate it nonetheless, the State must document the reasons for the decision.

2. Section 306 requires "full consultation" with labor organizations before any Title III program provides services to a substantial portion of its members.

3. Section 308 explicitly reiterates that the statewide coordination plan mandated under Section 121 must address Title III activities.

The wide discretion allowed State decisionmakers may be illustrated by the issue of Title III allocation policy within the State. At one extreme, the State can choose to allocate all Title III Federal formula funds to SDAs or units of government by some State formula, reserving to the State the responsibility of ensuring that the money is spent on allowable activities for eligible individuals. At the other extreme, the State may use its Title III allocation to fund a single-site project serving a narrowly defined target group of eligible persons. Between these two extremes lie a multitude of options for targeting by geographic areas, industry, or occupation.

2. CHANGING ORGANIZATIONAL AND PROGRAMMATIC DIMENSIONS OF STATE-LEVEL JTPA ACTIVITIES

A number of changes in the organizational and programmatic dimensions of State-level JTPA activities have occurred over the period of the Westat field network evaluation (December 1983-July 1985). Activities early in the transition year naturally focused on a number of structural issues (designation of the administering agency; service delivery area configuration; size and composition of the State Job Training Coordinating Council). By the end of TY84, many of the turf wars inherent in program start-up activities were over and State-level actors turned to program implementation issues.

Major decisions regarding allocational formulas and use of State set-aside and Title III dislocated worker monies confronted State-level policymakers as PY84 began. Once these programmatic-oriented decisions had been made, the focus again shifted to organizational matters. State JTPA actors began the assessment and evaluation process mandated by the performance requirements.

By the end of PY84, a number of States were in the process of examining the efficiency and effectiveness of JTPA organizational, procedural, and programmatic arrangements. Promotion of better coordination of State employment and training, education, and economic development activities emerged as a high priority in a number of States as governors, legislators, and SJTCC members became increasingly sensitive to disjointed, often duplicative, State efforts in these areas.

This chapter describes the changing organizational and programmatic dimensions of State-level JTPA activities between the beginning of the transition year and the latter part of program year 1984. Variations in the roles played by the Governor, State Job Training Coordinating Council, the administering agency, the Employment Service, other State agencies, and the State legislature are examined in each of these contexts.

2.1 The Governors

Governors typically played an active role in the early structuring of JTPA programs. In three-fourths of the sample States, Governors made key decisions on what State agency would administer JTPA, who would head this agency and fill other key posts, who would serve on the State Council, and how SDAs were to be structured.

During the transition year, Governors directly involved themselves only in situations where their appointees advised it politically. By the end of the transition year (Phase II), direct gubernatorial involvement had decreased in all but two States. Governors were involved primarily through their appointees to the JTPA staff and State Council. The Governors had not lost their commitment to the program; they had gained confidence in the ability of their political appointees to run the program and look out for their political interests.

The major interest of Governors in PY84 (Phase III) was the development of stronger linkages between State employment and training (JTPA), economic development, and education programs. In 16 of the 20 sample States, Associates reported emphasis on improving coordination. Where pressures on a State's economy were most intense, the likelihood of gubernatorial involvement in promoting coordination was greatest. The following statements by Associates reflect this emphasis:

> There has been a lot of talk from this administration about economic development. The Governor sees JTPA as part of a larger system. He sees problems in that people are coming out of schools who are still in need of significant training to make entry into the labor force. He wants larger problems like this addressed by JTPA, sort of a "curing the disease rather than treating the symptoms" philosophy.

* * *

> The major difference in this State is that there are now other funds and other programs as part of the Governor's economic development plans, whereas in 1983, JTPA was the only game in town.

Gubernatorial use of coordination as an efficiency measure is reflected in this Associate's comment:

> The Governor has been out in front in favor of streamlining State government and increasing emphasis on employment and training in connection with job creation (economic development) and improving the public schools.

Some Governors have also involved local public and private-sector officials in their coordination efforts:

> The Governor set up an advisory group consisting of a large-city mayor and a number of local elected county officials to help him iron out issues and get and maintain cooperation at the local level.

* * *

> In this State, SDAs are constantly reminded by directives from the Governor's office of the necessity of coordinating their activities with other programs offered by the State.

* * *

> This Governor is strongly in favor of large private-sector involvement in solving everything, especially employment and training problems. He solicits the input of major private-sector actors on nearly every issue.

In two cases, Governors chose to change organizational locations for the JTPA program during PY84. In one case, it was clearly to distance the Governor from the program. (This was the only instance where a scandal or liability issue was reported as influencing gubernatorial involvement.) In the other, the JTPA program was moved back to the State's labor department following clean-up of corruption preceding JTPA.

From a programmatic perspective, greater gubernatorial involvement in JTPA in PY84 was typically associated with use of Title III funds. Associates in over one-third of the States (seven) reported the personal involvement of their Governors in Title III decisions. This was most common in States where key industries were suffering plant closings. For example, Governors in two midwestern States were instrumental in using JTPA Title III funds to aid distressed farmers. In most States, use of Title III monies was also an integral part of gubernatorial strategies to link JTPA, economic development, and education.

2.2 The State Job Training Coordinating Council

State Councils generally played a predominantly advisory role in TY84 because the program was new, most Council members were inexperienced, and it was necessary to "cover a lot of ground in a hurry." Naturally, the primary focus of the State Council during this period was organizational and procedural: the establishment of by-laws, committee structures, timetables, and chains-of-command, among others. During this period, most

State Councils were heavily dependent on the State administrative staff for guidance in decisionmaking with regard to programmatic content (use of set-asides, allocation policies, performance goals, SDA service delivery plans). But by the end of the transition year, organizational and procedural issues behind them, a number of councils moved to play a stronger role in policymaking.

By early PY84, there were signs in eight States that State Councils were assuming policymaking and oversight roles. By the end of PY84, this role expansion was commonplace. Factors which smoothed the transition to a stronger programmatic role were: 1) greater stability in Council membership, especially among private-sector members; 2) evolution of a strong committee system; 3) regularization of meeting times and places; and 4) formalization of SDA, PIC, and State administrative staff participation in Council activities.

Stability of Council Membership

High turnover and poor attendance were serious problems plaguing over half the States in TY84. During PY84, these problems disappeared. Only one State reported difficulty in getting a Council quorum in PY84. One reason for the stability was that private-sector members' understanding of the program had caught up with that of public-sector representatives. This is exemplified by the following quote from an Associate.

> By the beginning of PY84, the private-sector members had caught up with public-sector members who started out with a better understanding of government-funded employment and training programs and the role of advisory councils in these programs.

Another reason was a more sensible replacement strategy. When vacancies occurred, there was a conscious effort to screen nominees to "get members who have a committed interest" and "to preserve both the geographical and political distribution of the council."

There was, however, a problem of lag time in the filling of vacancies by Governors. Associates in over half the States noted this tendency in PY84. One offered these explanations:

> A significant lag exists in replacing resignations for two different reasons. First, voluntary resignations are not anticipated. Second, appointments to the Council are of sufficient political importance to require careful and lengthy study.

But by the end of PY84, turnover among State Council members was at a level not much different from most voluntary bodies. More importantly, the turnover was "not because of a lack of interest as much as because of job changes, health problems, and other personal interests."

By the end of PY84 (Phase III), private-sector participation on State Councils usually equaled or exceeded public-sector members' participation rates. This was most obvious with regard to leadership positions. As one Associate noted:

> Relative to other members on the Council, private-sector representatives appear more willing to accept positions of leadership. They chair three of the four subcommittees and serve in the majority on most of them.

Of course, there is a good bit of diversity in of private-sector participation. Interestingly, in about half the States, representatives of large businesses are more active; in the other half, there are small business representatives who are most energetic.

Private-sector participation rates are often related to the Governor's committment to a strong private-sector role in JTPA:

> The private-sector runs the JTPA program here. The Governor has given them control and made it known clearly to the public-sector members that he wants the private sector to run the show. Private-sector members have ready access to the Governor's office and are in a position to make of JTPA whatever they like.

Private-sector involvement is also enhanced by the willingness of public-sector members to let them play a major role:

> Private-sector intensity, control, etc., has grown over the past year. Part of this was evidently by design. A public-sector member who has served on employment and training Councils since MDTA days reported that the public-sector members had informally agreed among themselves that they should lay back and allow the private-sector members to take the lead. He also reported that this Council is by far the most effective of those he has participated in, and suggested it was because of private-sector involvement.

In the three States where it was reported that private-sector involvement diminished in PY83, public-sector involvement was low as well. In these States, gubernatorial interest in JTPA was minimal, as reflected in failure to replace inactive members or, if replacements were made, to choose nominees less prestigious and influential than their predecessors. The failure of these Councils to move into the programmatic arena also contributed to members' inactivity:

> Potentially interesting JTPA issues and policy decisions have not come before the Council. Council meetings are dull, poorly attended, and more importantly, the Council is not making policy on important substantive issues and is focusing too much on technical administrative decisions.

Evolution of Strong Committee Systems

Virtually every Associate reported that the role of Council committees increased during PY84 and that "the committees were where all the action was insofar as major decisionmaking was concerned." The number of committees in the sample States ranges from three to seven. (The larger States were most likely to have more subcommittees.) One advantage of a strong, active committee system was a reduction in the amount of information processing required of each member. Perhaps an even larger advantage was the opportunity to develop consensus through bargaining and compromise at the committee rather than full Council level. This effectively opened up full Council forums to input from SDAs, PICs, other State agencies, subcontractors, and clients.

Formalization of SDA, PIC, and State Administrative Staff Input

The emergence of SDA directors' and PIC associations led these groups to request more formal input opportunities in State Council affairs. In PY84, most States granted these organizations formal spots on the full Council agenda, some even on subcommittees. Formalization efforts have produced two different results. The most common is the diffusion of past tensions and suspicions between SDAs, PICs, State Council members, and the administrative staff. As one Associate notes:

> - Major decisions tend to get settled in the course of monthly meetings of the State Council, its subcommittees, and the directors' association. At least one SDA director sits on each State Council subcommittee which is staffed by State administrative agency personnel. The discussion in these meetings can be spirited and all votes are not unanimous. But there is a common understanding that it's in everyone's interest to work out disagreements.

The other less common result has been a closer alliance between SDAs, PICs and the State Council at the expense of the State administrative staff:

> A major development in PY84 was the emergence of a "pro-SDA, pro-PIC, anti-State administrative staff" stance among a number of State Council members. This was largely due to the growing sophistication and involvement of local SDAs and PICs in State-level activities.

Regularization of Meeting Times and Places

About on-half of the States hold Council meetings quarterly; one-fourth, bimonthly; the remainder more frequently. Several States reduced the number of Council meetings in PY84 and reported improved attendance and greater member interest. Several States also adopted decentralization strategies in terms of meeting places, typically strategies were also intended to improve Council members' attendance rates and solicit more input from local SDA, PIC, and client representatives.

Programmatic Coordination

From a programmatic perspective, State Councils have also played a key role in promoting coordination of State employment and training, economic development, and education activities. A large number of State Councils have adopted resolutions (and sometimes requirements) encouraging SDAs to utilize State Employment Service and educational institutions, especially vocational schools and community colleges. Several Councils have also identified areas where greater coordination was needed because duplications were pervasive. An example of the coordination role is reflected in this Associate's comments:

> The chairperson of the SJTCC has pushed an overall game plan linking training to economic development. Members of the SJTCC see job training as moving from "supply driven" (focusing on the training process) to become "demand driven" (focusing on the placement process). They also see the game as being much wider than JTPA.

This Associate reports State Council efforts to identify duplicative State activities:

> The SJTCC set up a task force led by private-sector Council members to reconsider policymaking opportunities to improve the coordination and effectiveness of the State's human investment efforts. Its first mission was to conduct a review of training activities by agencies throughout State government. The task force found some 34 distinct programs in ten different State agencies doing one kind of job training or another.

An unanticipated result of State Council coordination activities may be a broadening of its own role. In several States, State Councils were either assigned, or likely to be assigned, extensive coordination and oversight roles extending beyond JTPA by the Governor or the State legislature. As an example, the Associate in one large State identified such a situation:

> There is a tendency in some quarters of State government (especially the legislature) to want the SJTCC to take on the role of overall policymaking authority for all job training programs in the State (rather than the more narrow, current role of policy guidance to the State administrative staff.

2.3 State Administrative Entity

The State administrative entity is continually involved in both organizational and programmatic activities. This has been the case since the JTPA program's inception. Initially, the major responsibility for formulating the transition year State Service Plan naturally fell to the State JTPA staff. So did responsibility for developing administrative structures and procedures at the State and local levels. The staff also had to educate local SDA staffs and PIC members, State Council members, and other State agency personnel about JTPA. This technical assistance role was most intense during the transition year when SDAs asked for help, especially in designing management information and fiscal accounting systems.

In some States, the initial dominant role played by the State JTPA staff often led to the adversarial relationships described in the State Council section of this chapter. It was noted, however, that cooperation generally improved in PY84 as the State staff involved other JTPA actors (State Council, SDAs, PICs) in administrative and programmatic decisionmaking. There was also evidence that State JTPA administrators were more willing to make definitive rulings when requested to do so by SDAs. (In other words, States became less reticent about taking over the role previously played by DOL once liability and audit issues became more imminent.)

In spite of the more cooperative spirit reported between the State staff and SDAs, some Associates indicated that this may be strained in PY85. The State staff will of necessity play a lead role in the monitoring and evaluation process associated with performance goals and incentives. Some conflict may also characterize State JTPA staff relationships with other State departments/agencies (e.g., education, aging, employment service where separate, social service) when evaluation of their effectiveness as JTPA subcontractors begins. Some tensions along this line emerged in PY84 with respect to vocational education. For example, one Associate noted:

> The State JTPA staff and the State Council reviewed the Voc Ed plan and found critical deficiencies. They raised issues of coordination with JTPA, service to economically disadvantaged and responsiveness to the private sector's employment needs.... The Voc Ed system as a major service provider is not totally satisfactory to the JTPA establishment because of high training costs at the SDA level.

This situation has hardly promoted cooperation.

Historically, interagency competition has also negatively affected interactions between JTPA and other State agency administrators:

> The State JTPA staff is trying to form an interagency agreement with Voc Ed and hopes to have it in place before July 1986. They are not very optimistic, however, because of prior problems the JTPA director had with Voc Ed in the CETA days. Negative experiences in the past are clearly influencing this current effort to encourage coordination.

In contrast, another Associate reported that:

> State JTPA officials indicate that there was far more coordination between employment and training staff and Voc Ed in PY84 than before. A large part of this improvement appears to be attributable to the membership of the new State vocational education board.

Each of these examples suggests that the potential for tension will be present in PY85 when performance evaluation becomes more closely linked with the distribution of State incentive monies and renewal of JTPA subcontracts with other State agencies. However, the tension may be mitigated by coordination mandates from the Governor.

For the most part, there has been little turnover in JTPA administrative personnel, primarily because there was little change in the gubernatorial ranks during the 1983-85 period. Representative of this stability and the staff-gubernatorial relationship are these comments from an Associate in a large State:

> From the outset, the same administrative entity has played the leading role in program administration. The core staff group which runs JTPA today is exactly the same group which took responsibility for JTPA initially. The group is characterized by its sense of professionalism and its sensitivity to political realities whether they are dealing with the Governor, local politicians, the State Council, or other State agencies. The continuity and skills of the group have provided an environment of basic stability as JTPA has evolved. Although the Governor and his personal staff are rarely directly involved with JTPA, it is clear the administrative staff speaks for the Governor.

In virtually every State, the State staff remains sensitive to the political consequences of the program for the Governor and their agency. Likewise, the need to distinguish JTPA from CETA persists and influences almost all policy decisions.

2.4 The Employment Service

Linkage efforts have dominated JTPA-related Employment Service (ES) activities at both the State and local level since program inception. The Employment Service was initially selected as the State JTPA administrative entity in only three sample States. (By the beginning of PY85, one more State had chosen the ES as its administrative entity.) While Governors have been hesitant to house JTPA programs in the ES (as opposed to traditional employment and training or economic development agencies), they have moved in the direction of promoting the integration of ES activities. Improvements in coordination between ES and JTPA during PY84 were reported in over one-third of the States.

There were also some fairly strong budgetary incentives to entice ES to become involved with the JTPA program. In a number of States, the ES had lost, or was losing, positions because of Federal budget cutbacks. JTPA and Wagner-Peyser funds represented a revenue source which could easily be tapped to help alleviate the fiscal crunch. As one Associate noted:

> The ES had been preoccupied with retaining staff in a climate where it is getting smaller. The 10 percent money is simply a target of opportunity for the agency and the funds have been used to retain employees.

Actually the role of the ES at the State level did not change much between 1983 and 1985. Most of the changes occurred at the local SDA level. In a number of States, ES administrators, JTPA staff, and/or the State Council pushed for greater use of ES by SDAs. Sometimes this was successful:

> ES has been encouraged to become more active in JTPA at the SDA level and this has occurred in all but a few SDAs. As SDAs have found that the 15 percent administrative limit was not enough to manage the programs, they have turned to the local ES offices for many services. State JTPA staff have been pushing fairly hard for this to occur and in most areas the ES has been viewed as a reasonably capable and experienced service provider with relationships in the network that were formed during CETA program days.

Other times it was not:

> There was a greater tendency for SDAs to use ES as a provider in the TY and early PY84 period than at the end of PY84. There were two reasons for this. One was the reduction in ES personnel which limited the ability of ES to provide intake and evaluation services to SDAs. Another reason is that the SDAs have gained sufficient experience and confidence in JTPA that they no longer look on ES as the only provider or source of counseling/employment assistance.

In a few States, SDAs became dissatisfied with ES services at the local level:

> As a result of pressure from the State, nearly all SDAs were required to use ES for intake and certification services. Interestingly, as a result of poor performance and general dissatisfaction with ES, many of the SDAs are looking for alternative service providers.

* * *

> SDAs in this State charged that ES screens out the most placeable participants and refers only the least job ready to JTPA for services. This lowers JTPA subcontractor performance and creates problems for the SDAs.

In several States, it was reported that ES played a more significant, positive role in small SDAs with no experience in running employment and training programs. However, in the overwhelming majority of the sample States, the ES has been more of a service provider than a policymaker. Its most consistent foray into the policymaking arena has been through its representatives on the State Council.

2.5 Other State Agencies

Like the Employment Services, the primary role of other State agencies (education, aging, social service, economic development) has been as service providers. However, these agencies have played a much stronger policymaking role than ES. They have been instrumental in designing exemplary programs and recommending allocation strategies. Funding for these agencies' JTPA subcontracts comes largely from set-asides.

These agencies have generally been part of gubernatorially-mandated coordination efforts. At the same time, interagency "protectionism" occasionally undermines these activities as was noted earlier in the discussion of Voc Ed-JTPA linkages.

State agencies have continued to react to pressures from their local offices and client groups. These groups generally push for more spreading of set-aside monies through formulas to SDAs (as opposed to competitive project-by-project allocations).

2.6 The State Legislature

The initial involvement of State legislatures was primarily organizational and procedural. In the early part of the transition year, most legislatures did no more than authorize legislation and revise rules in other State programs, such as unemployment insurance and AFDC, that might deter participation in the JTPA program. Only in a few States did the legislature appropriate State funds to supplement Federal funds, usually to cover the match for Title III. Likewise, only in a few States were legislative committees assigned oversight responsibility for JTPA during the transition year. Most legislators' interest in understanding the program was minimal.

By the end of PY84, there was some evidence, though scant, of greater legislative involvement in JTPA. Most often this involvement fell into one of three categories:

1) Activities designed to streamline State government operations through improved coordination;

2) Budgetary activities (add-on of State funds; substitution of Federal JTPA funds for State funds where fiscal pressure were intense); or

3) Oversight activities (review of SDA performance statistics; monitoring of services to significant segments).

Of these, oversight activities were most common. They will undoubtedly remain predominant as performance evaluation moves to the center stage and incentive funds are distributed.

2.7 New Concerns for Old State-Level Issues

Three "old" issues reemerged in PY84 which will continue to be important in PY85: program image, SDA configuration, and sub-State allocation formulas.

Program Image

JTPA remained a relatively unknown program in most States well into PY84. While being unknown was preferable to being confused with CETA, a number of State Councils became convinced that JTPA was too obscure to ensure program success. Consequently, over two-thirds of the States began marketing efforts which included development of brochures, slide shows, radio and TV public service announcements, speakers bureaus, and targeted mailing lists, among others. In several States, the State Council formally engaged in a contract with a marketing firm. Representative of a comprehensive marketing strategy is the following:

> State-level marketing has been done under contract. The agency's activities have included contact with employers via mailings, along with more JTPA-specific mailings from the employers' business advisory council, and probably most important, presentations statewide with ED staff and local PICs. Presentations are also made to local service clubs and business groups, as well as some nearly amounting to town meetings.

In large, heterogeneous States marketing strategies differed across regions. As one Associate describes:

> The private-sector committee of the State Council was instrumental in getting the Governor to film a public service announcement to help market the program. It

> was constructed so as to allow a splice-in of the local PIC chair if he/she desired. The general consensus is that marketing strategies have to differ among SDAs because of the socioeconomic and political diversity of the State.

SDA Configuration

There was some speculation that SDA reconfiguration would be an issue in PY84 due to declining unemployment rates and/or gubernatorial mandates. But, only three States reported any formal reconfiguration (two in response to drops in unemployment; one because of local politics). However, another third of the sample States discussed reconfiguration while taking no formal action. An example of such a dialogue was this State's experience:

> The main interest in reconfiguration took place because of a drastic drop in one SDA's unemployment. In a temporary period of desperation, a merger with another SDA looked like a possible source of survival. It quickly became clear that this would be impractical and the notion was dropped.

Resource Reallocation

It was falling unemployment rates that stimulated discussions of "reformulating" the allocational formulas in some States. Interestingly, in the two instances where SDA existence was seriously threatened, the States chose to use their 6 percent funds to assist them rather than re-do their allocation formulas or reconfigure their SDA systems.

Thus, while changing SDA allocations resulting from changing unemployment rates resulted in discussions of SDA reconfiguration, various hold harmless schemes funded by State appropriations or JTPA set-asides, and alternate allocation measures (such as averaging unemployment rates over two years), in the end not much was done except in a few extreme cases. There were several reasons for this. First, reallocation schemes were often judged to be illegal. More important, any reallocation from a fixed State allocation would create a situation of winners and losers among the SDAs. Second, a State-funded hold harmless would amount to appropriating State funds for employment and training in low unemployment areas. Third, Governors and State Councils can still feel their bruises from the original attempt to reconfigure the old prime sponsor system in the first year of JTPA. They have no stomach for reopening that issue, except for voluntary reconfigurations among SDAs. One Associate reported that as one Council member put it, "redrawing SDAs is too political."

There is some speculation that more reconfigurations and resource reallocations will occur in PY86 either because of voluntary actions on the part of SDAs or gubernatorial mandates stemming from performance standard-related sanctions.

2.8 The Title IIA Set-Asides

The JTPA legislation calls for 78 percent of the funds under Title IIA to be passed to the SDAs under a funding formula laid out in the act. Of the remaining 22 percent of the funding, 8 percent is earmarked for vocational education coordination, 6 percent is for incentive grants to SDAs that meet or exceed the State established performance standards and for technical assistance, 5 percent is to be devoted to administration, and 3 percent is set aside for older worker programs. The 6 percent set-aside, which is related to the achievement of the performance standards, will be discussed in the chapter on performance. Therefore, the discussion in this section concentrates on the other three set-asides.

Numerous arrangements to administer and distribute the set-aside funds during TY84 were described in the report on the Phase II of the study; the variety indicates that Governors were indeed exercising the considerable discretion permitted them under the law. Changes in some arrangements for PY84 reveal continued discretion. This time, however, the Governors were responding to demands for changes at both State and local levels.

Revisions were concentrated in the distribution of the 6 percent incentive grants and the 8 percent vocational education funds. Few States changed the older worker or administrative set-aside arrangements.

The Vocational Education Set-Asides

JTPA provides that 8 percent of funds under Title IIA of the act are to be used for vocational education purposes. Of this amount, 20 percent is available for coordination of vocational education and JTPA organizations and programs. The other 80 percent is to be used for providing services to JTPA eligible individuals. Therefore, how the States are allocating these funds and for what purpose are legitimate questions.

At the time of Phase I of the Process Study which was early in the transition year, the uses of the 8 percent set-aises were as follows:

- Seven States were formula funding the 80 percent funds directly to the Service Delivery Areas (SDAs), vocational education districts, etc., most often using the formula for the basic (78 percent) Title IIA funds.
- Three States distributed funds to a single State agency for a particular purpose.
- Five States were using a combination of formula funding and project funding in response to an RFP.
- Three States were distributing funds to particular projects on an RFP basis.
- Finally, two States were still planning their use of these funds.

In most cases, particularly when the 80 percent funds were distributed outside of State agencies, the State retained the 20 percent allowed for coordination purposes, often using some of these funds for administration and MIS development.

At the time of the Phase III observation (May - June 1985), an inquiry was made as to the allocation procedures used during program year 1984. Among the 20 States in the sample, the distribution of allocation procedures was as follows:

- Eight States were formula funding the 80 percent portion to SDAs or other agencies at the local level. One of the States in this category retained 10 percent of the 80 percent funds for "emerging needs," distributed 25 percent of the remainder to the Regional Vocational Education centers by formula and distributed the other 75 percent of the SDAs according to the Title IIA formula.

- Seven States allocated 100 percent of the funds to State agencies. Only in one of these States was the distribution to a single agency for a single purpose. In this case, the use was to provide customized training (OJT) to firms in the State.
- Three States were using a combination of formula funding part of the funds and distributing the rest to projects through an RFP.
- Two States were distributing all of the 80 percent funding through an RFP to specific projects. One of these is a single SDA State.

In most cases in which the funds were distributed to State agencies, all of the funds (including the 20 percent for coordination) was distributed. In the States that formula funded the money, one State formula funded all the 20 percent coordination money and another State distributed part of it. The rest retained these funds for administration, coordination projects, special projects, or research.

Types of Programs

Since the procedure for allocating the money does not provide much in the way of understanding of what is going on, we describe in this section examples of States in each category and the kinds of activities that are being undertaken.

Among the States that allocated the funds to State agencies, one State distributed 52 percent of the 80 percent funds to the Department of Education to fund adult learning centers. The Vocational Education Department received the remainder of the 80 percent funds plus the 20 percent funds to operate classroom programs. In another State, one-half the funds went to training for ex-offenders and the other half went to skills centers. Another State gave the funds to the Department of Education with the following division of programs:

- 13 percent for administration and special projects;
- 17 percent for basic education;
- 30 percent for world of work classes; and
- 40 percent for skill training projects.

Among the States that formula funded the money, one State formula funded the money to the SDAs to buy services from the community colleges, vocational-technical centers, high schools, etc. In another State, the funds were distributed to Local Education Agencies (LEAs) and Community-Based Organizations (CBOs) to provide services to JTPA participants in the manner consistent with the SDA's plans. In another State, the 80 percent funds were distributed by formula to the SDAs to be distributed under RFP process to a range of organizations to provide basic or remedial education, rehabilitation, handicapped programs, etc.

Among the States using both formula and RFP methods of distribution, one distributed 50 percent of all the 8 percent funds to the SDAs by formula. The SDAs must submit a plan for their use to the Department of Education which administers the funds and may use CBOs to provide the services. Another 30 percent is allocated by RFP for coordination projects and the remaining 20 percent is retained for administration and research. In another of these States, the Vocational Education Department administers the funds under contract with Employment Security which operates the JTPA program. Thirty percent of the funds are to provide services to economically distressed communities; 23 percent of the funds are to be used for English as a second language programs; 23 percent is to be used for the training of ex-offenders; and the remaining 24 percent of the funds is distributed to the SDAs by formula to be used for the purpose of removing local barriers to employment (such as the lack of a particular kind of in-demand training in the area).

SDA Role

Another issue is the extent to which the SDAs are involved in the allocation and use of the set-aside funds. Among the seven States where State agencies receive the funds, they are generally to support State programs. Among the States in which all funds are formula funded, the SDAs control the services provided. In the one exception to this, the funds are given to the "lead" junior college in the SDA. However, in one-third of the SDAs in the State, the junior colleges are the administrative entity for the SDA. In one of the States using formula funding and an RFP, the formula funding is given to the vocational education districts rather than the SDAs. Finally, and as mentioned previously, one of the States using only an RFP is a single SDA State, so the RFP is within the SDA. Therefore, in slightly over one-half the States, there are SDAs directly involved in the selection of service providers and services under the 8 percent set-aside.

Although not suggested so much by the numbers of States distributing the funds in various way, there has been a drift toward more involvement on the part of the SDAs. There are several sources of this movement:

- First, in cases where the State gave the money to State agencies or formula funded it to junior colleges or vocational education agencies in a fairly centralized manner, there was a substantial carryover of funds from the transition year.

- Second, SDAs and SDA Director Associations have pressured the States for more involvement in the use of these funds.
- Third, the Carl Perkins Vocational Education Act amendments seem to be bringing about more cooperation at the State and local levels between JTPA and the vocational education agencies.

The Three Percent Set-Aside for Older Workers

State handling of the set aside for older workers remained essentially unchanged during the program year from what had been done during the transition year. In part, this resulted from the fact that allocation of the 3 percent funds during the transition year occurred late and many of these decisions were extended into the program year.

To a large extent, two procedures were used to allocate the 3 percent funds. Slightly under one-half the States in the sample (eight) allocated the funds directly to the SDAs via the Title IIA formula or earmarked amounts determined by the formula for each SDA. The SDAs could then "apply" for these funds by submitting a plan to the State. Often this plan was to be jointly determined with the local area office on aging. One of these States was a single SDA State in which the funds were initially made available to the regions of the State and later, when the regions did not avail themselves of these funds, they were allocated to the regions. Another eight States used an RFP to distribute the funds for projects or turned the funds over to the State office on aging, which in turn, issued an RFP for the funds.

The remaining four States generally used some combination of these two basic procedures. One State earmarked 80 percent of the funds for application by the SDAs and allocated the other 20 percent to the State office on aging for demonstration projects. Another State held 5 percent for administration, distributed 45 percent to the SDAs and retained the other one-half for OJT contracts for older workers on a statewide basis. A third State retained 5 percent of the funds for administration and distributed the remaining 95 percent on the basis of joint SDA/area office on aging plans. The remaining State distributed 30 percent to the areas offices on aging and 70 percent to the SDAs, both amounts were distributed by formula.

More interesting than the services that were provided with these funds is the fact that half the States had substantial carryover of 3 percent funds, often with no PY84 funds yet expended. The changes that were made in the allocation of the 3 percent funds were almost always for the purpose of increasing the expenditure of the funds. One example has been mentioned previously. In other cases, projects were extended through PY85 or RFPs were made more explicit, requiring a description of how the services would be provided and the funds expended during the life of the contract. The comments of one Associate summarize this situation.

> The 3 percent program is the neglected orphan of JTPA (if one can picture and elderly orphan). Most TY84 funds were carried forward, partly because the State adopted a cumbersome allocation process (formula allocations to the SDAs, but requiring a formal application), and partly because the SDAs were too preoccupied with other things to get programs for the elderly off the ground. One SDA never applied for its allocation, and two others did not bother to apply for their TY84 carryover allocation. As a result of this generally slow progress, the State faces "a substantial amount of unobligated/excess carryover monies for PY85." The State's strategy for PY85 has two main

parts: (1) limiting the amount of carryover for SDAs who are spending at a low rate and redistributing funds to SDAs who are able to use them; and (2) issuing a statewide RFP, using lists of organizations and agencies suggested by the SDAs. Contracts entered into with the State would be performance-based, as would those for projects starting up in October 1985.

The Five Percent Set-Aside

The story of the 5 percent set-aside for administration is much shorter and much different. Only one State complained of underspending from 5 percent funds. Virtually all the States used the funds for support of the State Council, administration, audit costs and MIS development. One State used part of the 5 percent funds for marketing and veterans outreach, and another State used part of the administrative set-aside to fund a hold harmless provision for the 78 percent distribution to the SDAs.

2.9 Summary

After taking an active role in the early structuring of JTPA programs during the transition year, Governors receded from the program and relied upon their appointees and the State Council to run the program. In program year 1984, the major interest of the Governors in slightly over three-fourths of the sample States was in encouraging cooperation and efficiency between JTPA and State economic development and education programs. This included some improvement in cooperation between JTPA and the Employment Service.

Early in the program, State Councils generally played a predominantly advisory role and concerns were expressed about high membership turnover and poor attendance. By the end of program year 1984, it was commonplace for State Councils to assume policymaking and oversight roles. Factors which contributed to a stronger programmatic role were: greater stability in Council membership, especially among private-sector members; evolution of a strong committee system; regularization of meeting times and places; and, formalization of SDA, PIC and State administrative staff participation in Council activities. By the end of PY84, turnover among State Council members was at a level not much different from most voluntary bodies and participation of the private sector equaled or exceeded that of public-sector members.

Changes in unemployment rates caused shifts in SDA allocations of up to 40 percent and talk of reconfiguration of SDA boundaries, reallocation schemes and hold harmless provisions using State funds. In the end, two States used 6 percent funds and one used 5 percent funds to assist a few particularly threatened SDAs. The reasons are that reallocation creates winners and losers, State funding of a hold harmless means giving money to low unemployment areas, and reconfiguration, unless it's voluntary, is "too political."

Procedures for allocating set-aside funds reflect State discretion and consequently vary substantially. Changes made in PY84 in the allocation of vocational education (8 percent) funds reflect a movement toward more involvement of SDAs in the allocation process. Changes in older workers (3 percent) set-aside allocations were generally geared to increasing expenditure and reducing carryover.

3. STATE/SERVICE DELIVERY AREA RELATIONS

3.1 Introduction

State and local relations have received relatively little attention in discussions of American federalism and intergovernmental relations. Instead, the primary focus in much of the literature has tended to be on the dynamics of Federal/State or Federal/local relations. Since 1981, President Reagan's New Federalism program has authorized ten block grants to the States, of which the 1982 Job Training Partnership Act was the last. Under these grants, primary authority is given to the States to design and administer the programs in local areas. Under these conditions, State/local relations clearly play a critical role. Indeed, among the key assumptions underlying the New Federalism agenda is the belief that State and local officials will have closer, more cooperative relationships than in the past.

This chapter examines State/local relations under the Job Training Partnership Act of 1982 (JTPA). This initiative was a major departure from its predecessor, the Comprehensive Employment and Training Act (CETA) program, which for the most part, relied on a direct Federal/local tie. The requirement that 78 percent of JTPA funds be passed through to local Service Delivery Areas (SDAs) underscores the importance of State/local relations to the program's successful implementation. Several questions can be asked: Did the States use the assignment of power under the program to maintain and expand their roles in the employment and training system; did the New Federalism ideas embodied in JTPA stop at the State level; or, did the States devolve power over JTPA program content to the SDAs?

3.2 Types of State/SDA Relations

During early phases of implementation, State/SDA relations clearly divided into three main groups. First were those State Governors who regarded JTPA as an opportunity to reform the entire employment and training system. In these States, the Governors tended to centralize the job training function, either in their office or in a single cabinet department. At the same time, that effort usually led to some significant decentralization of authority to the SDAs and their PICs. These Governors perceived a "partnership" relationship between State and sub-State entities.

In a second group of States, the Governors were also actively involved in implementing the JTPA program, but for somewhat different reasons. Here the Governors were less concerned with building an administrative partnership than with attaining specific political or policy goals that required a substantial centralization of authority at the State level. These goals ranged from setting up statewide economic development programs to distributing political rewards to specific groups. In some States, the traditional centralization of State politics made it difficult to fashion a partnership between the State and SDAs.

Roughly three-fourths of the States are evenly divided between the first two groups. The remaining one-fourth constitutes a third group of States in which the Governors tended not to be actively involved in the early implementation of JTPA. Here the arrangements that had prevailed under CETA and the balance between State agencies and local responsibilities remained largely unchanged. However, the absence of political leadership at the Governor's level under a changed program seemed to make that balance unstable.

As an example of the first group of States, early in the development of JTPA the Governor in one State decided that "the responsibility for implementation of programs such as JTPA should be at the local level in order to meet and be responsive to local requirements and needs." The Governor made two early decisions. First, he delegated responsibility for the program to the State's Department of Labor, so that it could integrate JTPA with other employment and training programs and establish a working relationship with local actors. Second, he became actively involved in selecting the members of the State Council. Because small business had supported him in his campaign, representatives from this group tended to be selected for the Council. When disputes between these two sub-State entities occurred over the number of SDAs, the Governor usually sided with the Council, which, in turn, tended to reflect local concerns.

In another State, in which the Governor actively encouraged a State/local partnership at the inception of JTPA, it was reported that the Governor saw JTPA primarily as a tool for economic development. He concurred in a Council recommendation that the program be assigned to the Economic Development Department (EDD). "EDD worked assiduously to develop the partnership throughout the State.... EDD is the State's economic development agency and represents the State to local governments.... In this State, the PICs target their own service populations and priorities without interference or guidance from the Governor or State Council."

In the second group of States, the Governors wanted to centralize the content and operations of JTPA to achieve certain policy goals. In one State in this group, the Governor's stress on economic development led to centralizing employment and training activities. The State largely determined the SDA designations, despite pressures from various counties and regions for separate SDA status. The State backed down only where an especially powerful actor (such as one mayor who was on the State Council) was involved. According to the Associate in this State, "most local actors are relatively inexperienced in JTPA and are hardly in a position to challenge the authority or interests of the Governor's office or key State institutions." In some counties where the local elected officials have placed passive public-sector representatives on the PICs, the direction of the program sometimes comes from the State Council, which has more active representatives. The Governor's plan gives priority to training programs that stress economic development. The State "requires the SDAs, in preparing their local employment and training programs, to address the manner in which JTPA resources will be used to meet the goals and priorities identified by the State."

Some States take charge of JTPA because the State is small and the political environment is favorable. In one such State, the Governor was reported to favor "centralized administration of human services programs as the key to establishing clear lines of accountability, as well as gaining administrative efficiencies necessary in a small State." Before JTPA, the CETA office and the Employment Service were merged with considerable staff reduction. The administrative entity for JTPA was the Employment Service Division, which staffs both the State Council and the SDAs. The program is delivered through the Employment Service offices in the State. Title III is operated by the State AFL-CIO. A key goal of the Employment Service is "to put in place an effective program with a barebones staff."

As noted above, roughly three-quarters of the sampled States were included in the two groups described earlier. The remaining States are included in the third category. In these States, no clear direction was established at the beginning of the JTPA program. This was largely because the Governors did not get involved and the State legislature showed no particular interest in structuring the program. In these States, JTPA triggered no reorganization of employment and training programs at either the State or sub-State level. Instead, the balance of power between the State and sub-State areas remained largely as it had been under CETA, at least at the beginning.

In one of these States, the Governor was reported to have "played a minor role in JTPA." While he set broad goals, the specifics were left to cabinet secretaries. SDAs emerged from the Economic Development Districts, which are very strong in the State. They serve as administrative agencies for Federal and State grant programs and provide planning and economic development services. Outside of the cities that were prime sponsors, the Economic Development Districts are administrative entities for the SDAs and provide staff for the PICs. The Associate in this State indicates that old CETA staff "comprise the chief actors in JTPA except for some new actors being introduced by the requirement that a majority of PIC members come from the private sector."

Between mid-1984 and mid-1985, in about one-half of the States, some State centralization occurred in JTPA operations. In the other half of the States, there was a continued sorting out of State and SDA roles, and, in a few instances, specific moves toward decentralization. From the perspective of SDA officials, moreover, it was not always clear which direction the

State was headed. An example of this can be seen in the following observation by the Associate from a large suburban SDA:

> The SDA alleges it continues to get "mixed signals" from the State in terms of local control versus State control of the program. On the one hand, the local staff feels the State is making more of an effort to solicit comments from SDAs on proposed policy directives. At the same time, they feel the State is tightening its grip on procedural (audit, fiscal, contracting) matters to the point of violating the intent of the law which the SDA obviously feels is local control.

On balance, however, the tendency seemed to be gradual centralization of certain management-related functions. However, this process was not due to increased gubernatorial involvement in the program. In fact, in nearly all of the States, the Associates reported that Governors were either less involved in day-to-day JTPA decisions than a year ago, or showed no greater involvement. Instead, the rise in State authority seemed to rest in the expanded role of the State Councils and/or in State administrative agencies. In one State previously described among the first group, the State Council "acted to strengthen State standardization in many administrative areas." By Phase III, one of the States originally in the third group (little change from CETA) had been administratively centralized. The Associate in this State noted, "many of the SDAs believe the State has already gained complete control of Title III and is in the process of gaining control of Title IIA by emphasizing the interest of the Employment Service at the expense of the SDAs."

The key reasons for the increased State presence seemed to be the growing confidence State officials had in their knowledge of the program and in their belief that now the program was to be truly a State program. When JTPA began, some State officials thought that Federal direction might continue and the

State would not be given expanded decisionmaking power. Once the States understood that that was not to be the case, they moved to take hold of the program. The evolving State presence under JTPA can be seen in the following account by the Associate in a State that had relatively little early involvement in the program:

> In the early days of JTPA..., there were many new actors at the State level... [and] many seasoned employment and training professionals at the local level.... As of this writing (1985), however, the State has developed rules, regulations, plans, manuals, information systems, communication devices, marketing strategies, all of which suggest some degree of effort and competence to deliver a whole JTPA program.

A related factor which seemed to foster State assertiveness was the matter of program liability. In some States, this issue was translated politically into a need to "protect the Governor" from possible abuses at the local level.

3.3 The Local Setting in Perspective

The States' responses to the implementation of JTPA were largely influenced, both directly and indirectly, by local conditions and past history. SDA designations involved the creation of entirely new political subdivisions within the States. This process was (and will continue to be) very definitely constrained by local and historical forces. The extent to which States were able to centralize or decentralize employment and training programs under JTPA was affected by the previous configuration of local actors, both public and private.

Variation in the structure of JTPA programs is even greater at the sub-State level. The arrangements among local actors under JTPA differ from those under CETA in several ways. First, of course, JTPA gives primary status to the private-sector participants. The Associates report that private-sector participation on PICs started at a promisingly high level under JTPA. The evidence suggests that a private-sector commitment to the program has been established and continues to grow.

The implementation of JTPA, of course, is also directly influenced by the capability of the local leaders who govern the program. Local elected officials, in particular, have varying levels of interest, commitment, and experience. Large urban SDAs, especially those representing citywide SDAs, are usually dominated by city officials. In two such city SDAs, the local elected officials rather than the PICs dominated SDA decisionmaking. On the other hand, in SDAs where county officials are the principal governmental representatives, the PICs seem to play the more dominant role.

The role of community-based organizations (CBOs) represents another difference from CETA and varies considerably across States and their SDAs. In some jurisdictions, CBOs remain the principal providers of JTPA services; in others, their existence is in jeopardy. The extent to which these organizations are able to re-establish themselves within the State and SDA employment and training systems will influence the character of State and SDA relations in the future.

A third difference is also patterned by past experience. An SDA's prior experience under the CETA program (prime sponsor, BOS area, no prior experience) is a significant determinant of its relations with the State. Some SDAs were reported to be much more sophisticated in their planning and operational capabilities than were their counterparts at the State level. For example, one Associate reported that "the [city/county SDA] does not view the State as the new regional office. It does not consult with the State on administrative issues because the county (SDA) staff is far more sophisticated than the State staff." This response is not confined to SDAs that were prime sponsors under CETA. Indeed, an SDA that had been part of a Balance-of-State prime sponsor under CETA was reported to be less than pleased with the State's technical assistance efforts.

Another factor shaping the nature of State/sub-State relations is historical relationships. For instance, in one State, SDAs were carved largely from Economic Development Districts -- sub-State units that have long been important in the State in the delivery of Federal and State programs. When JTPA was established, the State noticed that some SDAs were more aggressive than others in developing programs and seeking funds. However, State officials permitted this variation, regarding it "as a natural state of affairs which either they cannot or should not try to change, since they ... tend to believe the districts reflect local predispositions and resources." During 1985, however, the State appeared less willing to tolerate such differences and moved to centralize Title IIA in order "to improve the administration of the program."

A related historical factor was the level of involvement of former CETA officials in the start-up of JTPA. Because these officials tended to favor and adhere to CETA practices, their involvement sometimes caused tensions. For example, it was observed in one State in 1984 that "many old State staff members who had been used to running the Balance-of-State CETA program, where they virtually prescribed every action for small jurisdictions, could not get out of that mode in dealing with the large SDAs." By the same token, some large SDA officials, who were former CETA employees, were critical of State actions under JTPA. Generally, these tensions decreased as officials at both levels became more familiar with the program.

However, in some areas (e.g., State monitoring policies), tensions between State and SDA staffs showed signs of escalation during the latter part of PY 1984. Indeed, in some respects, States and SDAs were less accommodating by the end of PY 1984 than what appeared to be the case on the surface. In the words of the Associate from one State, the "settling in" of JTPA may be more of a "stand-off" insofar as State/SDA relations is concerned.

3.4 Defining the Parameters of State/SDA Relationships

Reports on earlier phases of this study indicated that State/SDA relations varied from harmonious to acrimonious and that the States' attitudes toward SDAs ranged from avoiding being "overly prescriptive" to being "the new Federal regional office." This section examines factors affecting the degree of conflict or cooperation between States and their SDAs.

One factor that reduces conflict is willingness on the part of the State to take part in SDA operations -- not to dictate policy, but to share ideas and to keep communications open. One State's Department of Labor insisted that its staff of field representatives attend all SDA/PIC meetings. Moreover, this State's Department of Labor holds periodic technical assistance conferences for the SDAs. Information is regularly furnished to the SDAs, including a "Service Delivery Area Planning Package" for preparing the annual plan.

During PY 1984, State JTPA agencies seemed more confident in their dealings with SDAs, and were more inclined to seek ways to increase State/SDA communication on matters of mutual concern. This is not always the case, of course, as the following account from the Associate for a rural SDA indicates:

> Staff [SDA] have been critical of the slow flow of information from the State JTPA office. One example cited was the distribution to SDAs of the proposed performance standards for PY 1985 the afternoon before the SJTCC meeting at which they were approved. [SDA] staff said that as a result of the State's delay in distributing the standards they had no time to meet with State officials or contribute input.

PY 1984 witnessed the emergence of more "associations" of local JTPA officials within the States, as a means to ensure SDA input into State decisionmaking. Indeed, virtually all States with more than two SDAs now have some sort of SDA directors group, and several have separate entities comprising PIC officials. An example comes from the Associate in a rural State with a number of SDAs.

> ... State-SDA issues are resolved at the monthly meetings of the SDA administrators. This organization has by-laws and is a Task Force of the SJTCC. State officials are part of the organization and are provided time on the agenda each month to discuss existing issues and problems.

In another State, the Associate notes, "the recent formation of the directors' association was in part an attempt to involve SDA directors in State decisionmaking." An interesting twist to the issue of SDA associations was found in a county SDA. There the PIC (county) staff did not support the idea of their SDA joining the statewide association, which regularly lobbied the State for more PIC autonomy, because "they would rather be dictated to by the State than the PIC."

Some State agencies also cooperate with SDAs by working closely with them, especially in job training matters. In one State, for example, the Employment Service and the Department of

Human Services wanted to rationalize sub-State district operations and had instructed their regional offices to work closely with the SDAs. The same pattern was seen in another State where the Associate reported that decentralization "has been furthered because the State has insisted that local branches of State agencies (especially the Employment Service) work together locally."

Clearly, State Councils play a key role in defining the parameters of State/SDA relationships. While they still appear to be mostly advisory to State agencies, there is evidence that State Councils are moving to increase their "status" as a "co-equal partner." This trend seems to be due to the fact that members of State Councils are constantly gaining experience and confidence in their new decisionmaking role. They have shown particular interest in expanding their role as the JTPA program matures. As State Councils move from the periphery of the job training arena towards center stage, they can be seen as a way to strike a balance between States and their SDAs over separate parts of the JTPA program. One State, for example, has imposed tight financial controls, has a centralized MIS, and insists on "rigid compliance with State planning requirements." At the same time, however, it permits substantial discretion to SDAs in program content and service program mix. The SDAs in this State are linked to the SJTCC through a powerful SDA association, which has its own representatives on the Council's executive committee. In addition, the Council's program review committee is chaired by an SDA director. The committee approves local SDA plans and also oversees State agency recommendations concerning the JTPA program.

Another element affecting State/SDA relations is the pattern of collaboration or conflict between State Councils and SDAs. An example of cooperation between a SJTCC and the SDAs was reported in one State where the Council funded outside consultants to provide PIC training sessions within the State. Another illustration occurred in a State where the SJTCC responded to PIC concerns about a highly centralized State plan and helped to make flexible local adjustments. For instance, the Council persuaded the Governor to eliminate the requirement that health occupations be given a high priority for training for every PIC in the State and that representatives of the State's Department of Welfare be voting members on every PIC.

Relations between the State Council and the SDAs created problems in several other States. This occurred in one State in 1984 when the Council waged a battle with the State's Department of Labor and secured its own staff, using it instead of working closely with the PICs. By 1985, the Governor's Office had settled that dispute, but relations between the Council and the SDAs remained awkward, with each regarding the other as not meeting its responsibilities. In another State, conflict between the State and the SDAs led to the formation of a statewide SDA association to present local concerns. According to the Associate, this may lead to a situation where "issues will still be referred to the Council, but everyday administrative matters will be conducted with the directors via the Association."

3.5 State/SDA Relations During PY84

By the early part of PY84, there appeared to be a "settling in" of the JTPA program. Some States with centralized operations during the early transition period had permitted more discretion on the part of their SDAs. Other States, however, that were less centralized at the outset have assumed more responsibility. There was less diversity among the States in their modes of operation in the summer 1984 than existed at the beginning of the program.

More generally, the "settling in" of JTPA decision-making authority in the States has taken two forms. Whereas programmatic decisions, especially those under Title IIA, appear to be made at the SDA level, those involving administrative, management and fiscal, or regulatory matters have tended to be handled more directly by State officials.

One Associate reports that initially, "the Governor's office decided ... in the implementation process to garner as much control of the operation of JTPA as was possible within the legislation." The Employment Service had long wanted to expand its influence in the employment and training area. The set-asides were completely controlled by the State, under the "unofficial doctrine that the SDAs have 78 percent of the action, why give them any more of our program." Not surprisingly, the Title III program was completely controlled by the State. The situation worsened in the spring of 1984 when SDA officials formed an association to lobby both the Commissioner and the Governor for more control. Apparently, they received some attention; the 3 percent older workers' set-aside will be allotted to the SDAs using the Title IIA formula instead of being handled solely by the State. Moreover, controversial issues are now ironed out directly between the State staff and the SDA association. This technique was used to develop procedures governing use of the 6 percent incentive funds. The Employment Service has sincerely tried to increase communication and information to the SDAs. However, within the past year, the Employment Service has tended to make the major program decisions. It has, for instance, sought to redirect the use of the 8 percent set-aside from disadvantaged groups toward statewide economic development. However, SDAs have an organized means of input they lacked earlier in the program's development.

Another State appears to have moved in the other direction. In Phase I, it appeared that this might be the State where the greatest "decentralization" of program authority might occur. All four set-asides, for example, were formula-funded, at least in part, to the State's SDAs. At the same time, the State is intensely concerned with the liability issue. Consequently, it has imposed "process authority" on the SDAs, with accompanying paperwork and procedural burdens, and has diminished what many SDAs feel is their authority under the JTPA program. The State is also perceived as slow in responding to SDA questions. The Associate in this State noted that it was becoming the new "Federal regional office" in the eyes of local actors. Interestingly, the State agreed with this assessment.

This State is seen as restrictive. In the spring of 1984, the State's Department of Labor required all SDAs to withhold 20 percent of fixed unit-priced contracts until the employment (performance) criteria specified in the contracts had been achieved. The State has also defined successful performance as placement within 60 days of program termination in a position which lasts for at least 30 days. This upset SDAs that were using performance-based contracting procedures, although the State thought that the SDAs had substantial latitude. The Associate suggested that:

> Except for selecting and contracting with service providers and the setting of overall [program] objectives in terms of participant numbers, there isn't a great deal left that isn't imposed by JTPA, the Department of Labor, the State Council, and/or the State legislature.

In 1985, this State sought to gain more control over Title IIA programs, partly because of the problems of unspent dollars in the Title III program and in the 3 percent older workers set-aside.

As the program continued to unfold, the results of interjurisdictional bargaining and negotiation have become more evident across the States. The Associate in one State notes, for instance, "the State has succeeded in decentralizing the policy decisionmaking to the SDA, [and] in centralizing the administration of the program." In another State, the Associate notes, "centralization was at work in procedural matters and decentralization in substantive ones." According to the Associate in a third State, over the past two years, there "has been a refinement process during which some of the rougher edges have been softened and the rules of play have been sharpened."

It is important to underscore the fact that State/SDA relations under JTPA are not always the direct result of careful and deliberate design by either party. In some cases, the degrees of freedom afforded SDAs became available more by "default" than by anything else. As a case in point, in one State, the "settling in" of State/SDA relationships under the JTPA program occurred mainly because of the State's inability to supervise closely the activities of its SDAs. At the beginning of the program, the State job training plan had emphasized that the "advising, coordinating, and oversight functions" were to be placed firmly at the State level. However, the Associate reported that:

> The local SDAs have a lot of latitude in implementing local priorities. One reason for this is that the State has proven inept at communication and managing their key priorities. The SDAs feel completely free to operate their own programs and to see the State as a minor irritant.

3.6 State/SDA Issues

In general, there appeared to be fewer negative sentiments among SDA officials about State management capabilities during PY 1984. However, one area where SDAs remained critical of State performance was management information systems. Larger, urban SDAs were most likely to complain about this and were most adamant about securing and maintaining an independent capacity to address their program management needs. Thus, one SDA plans to run its own MIS "because of problems with the current State system." Another SDA, according to the Associate, continues to have "no respect for the expertise at the State level," which appears to be part of the continuing fight that is taking place between the SDA and the State. The level of sophistication of the staff of a city SDA in another State is such that the Associate reported that the "SDA affects State policy more than the State does." This situation seems similar to that described in another State, where an experienced large city SDA is looked upon by State officials as a leader in the employment and training field.

Such systems have caused a number of problems. One is that, while SDA participation in some States is voluntary, some, especially rural SDAs, do not appear to have the internal capacity to use the State management information system fully. In one State, for example, it was reported that the rural SDAs, in particular, have trouble understanding the process of adjusting performance standards within the context of the State's MIS. Further, data must be entered initially by the SDA, and sometimes even by training center staffers who vary in technical ability; this, in turn, may lead to problems of accuracy. Another problem is that participant and financial data are sometimes separately maintained. Still another problem is that it is so expensive in some rural States to maintain the system that only the basics are put into place -- enough to keep the State from getting into trouble -- but not enough to develop "a really detailed understanding of local programs." In other cases, not all SDAs are included in the system. Problems may also develop if the SDAs view the State's system as being crude and/or hard to use.

The issue of the management capacity at the local level also indicates the need for States to focus on technical assistance matters. Many SDA representatives continue to argue that State JTPA agencies need to upgrade their internal capabilities to provide meaningful technical assistance and training services in both policy and program areas. This does not mean that these SDAs desire more specific direction in the management of their program operations, only that they seek to work within as clear a policy environment as possible, and that they want to be equipped with the best technical supports available to run their programs efficiently and effectively. As a case in point, one large city SDA was reported to want "more [State] guidance, preferably in writing." The lack of State guidance was also observed to be a major source of friction in a State, where according to the Associate, ". . . the State wants to tell the SDAs what they cannot do -- after the fact -- not what they can do."

Liability is another issue that may affect State and SDA relations. One State's method of defending itself against audit exceptions is a case of point. The State is both the grant recipient and administrative entity for its SDAs. It imposed a statewide set of administrative and financial reporting provisions to protect its interests under the program. All service deliverers must use the State management information system and disclose their previous audit experience at the grant application stage. Another State dealt with the liability issue by making its Department of Labor regional representatives responsible. They oversee all SDA grant recipient activities and DOL-supported program operations and coordinate all other State programs in the SDAs. They also provide technical assistance to the SDAs.

The 40 percent youth expenditure requirement has caused "liability-related" problems in some States, which feel they cannot meet the requirement and, consequently, expect trouble for themselves and their SDAs. They argue that the youth requirement should, instead, be a youth participation rate of 40 percent. Otherwise, the SDAs may design expensive programs for relatively few people to meet the 40 percent expenditure provisions.

However, the youth expenditure problem seemed to be less important in 1985 than in 1984 due to State/SDA cooperation in identifying solutions. In one State, for instance, one of the results of several SDAs requesting and receiving waivers of the 40 percent requirement for PY 1984 was that only four of the State's 14 SDAs failed to meet the expenditure requirement. Another State permitted SDAs to fold their unspent youth money into their PY84 budgets, so they "in effect have a new 21-month youth expenditure requirement ending at the end of PY84." In early 1984, another State formed a study group composed of public- and private-sector representatives from each PIC, along with key State and SDA staff, to find a balance between in-school and out-of-school programs as a way to address the youth expenditure requirement. Finally, another State exempted incentive funds from the youth expenditure requirement (after first failing to get a U.S. Department of Labor interpretation on the matter) to help its hard-pressed SDAs.

3.7 Summary

State/SDA relationships occur on many levels. Interaction takes place between State and local actors over: (1) matters of public policy; (2) questions about organizational design and structure; (3) operational linkages between various organizations and programs; and (4) ways of providing services to participants. Such a multidimensional view of State/SDA relations reflects the realities of implementing such a complex program in a diffuse decisionmaking environment. State/SDA relationships are influenced not only by the actors involved -- their respective motivations, personal characteristics, capabilities, and so forth -- and the "history" of the relationship, but also the level and focus of the interaction itself, that is, whether it concerns questions of public policy, organizational/interorganizational systems development, or direct services to participants.

Achieving a true partnership between allied job training programs is extremely difficult without the consent of the key organizational representatives involved, yet both executive and legislative officials are quick to mandate such relationships without due consideration of such factors. In JTPA, as in its predecessors, statements of State policy about partnerships with local government and between the public and private sectors are often rhetorical pleas rather than clear guidelines for action.

The experience to date has demonstrated that constructive working relationships, if not "partnerships," are possible between States and SDAs. Moreover, it is clear that State/SDA relations under JTPA are continuing to evolve, with somewhat different functions being performed by each jurisdictional level. Because the Federal legislation specified the State government as the responsible party, States generally have sought to centralize the procedural and, to a lesser extent, budgetary aspects of JTPA. But SDAs, in most States, seem to have retained considerable latitude in implementing program and participant priorities, in determining service mix, and in establishing performance expectations. Variations in the socioeconomic conditions of the SDAs within the States helped to sustain these differences. As one Associate put it:

> This aspect of JTPA is precisely what State and local officials alike find most attractive about it relative to CETA. The inability of old, highly centralized Federal programs to react to extreme regional differences within the State has always been a sore spot with [the State's citizens]. JTPA and the other State block grants have been popular precisely because of their decentralization features.

Although State/SDA conflicts occurred over several issues, no issue was a source of conflict in a majority of the sample States. The most common potential source of conflict was the youth expenditure requirement. As reported earlier, meeting the youth expenditure requirement was a problem in almost all the States. However, States often worked cooperatively with SDAs on this issue to make technical adjustments to the requirement. State/SDA tensions were greatest in those jurisdictions where the State was perceived as not taking additional steps to remedy the problem or as being resistant to requests by SDAs for adjustment.

Questions concerning performance standards and incentive grants provoked problems in about one-third of the States. Some SDAs believed that the States were too rigid in their enforcement of the standards and/or were too slow in making incentive grants awards or in providing technical assistance to address problem areas. However, these issues do not seem to be pressing at this time, although they may become major sources of friction in subsequent program years.

Conflict over Title IIA allocations, and problems associated with the 8 percent set-aside, youth competency, and SDA monitoring, were observed in about one quarter of the States. In this regard, some SDAs accused their States of not doing enough to restore from other sources their decreased allocation in (PY 1985) Title IIA funds, which had come as a result of lowered unemployment rates. In some States, confusion existed between State educational agencies and SDAs over who was "in charge" of the 8 percent funds. Likewise, in States beginning to explore seriously the youth competency area, tensions between the State and SDAs arose insofar as the responsibility for the formulation of such competencies was concerned. Finally, some SDAs believed that the States were too prescriptive in their monitoring of SDA operations. Once again, these issues may be more important for what they portend about the future of JTPA's implementation than for what they say about its present status.

On balance, as of the end of PY 1984, State/SDA relations could be characterized as positive and reasonably cooperative in most States, though certainly not all. However, it is also clear that such relationships do not just happen spontaneously, nor do they easily sustain themselves without conscious and deliberate action on the part of the actors involved. While State/SDA relations appeared to be good, resolution of conflict has been necessary at times in almost all States. In summary, the job training system under JTPA has not only matured over the last two years, but also has become much more complicated and elaborate. Under this evolving system, it is clear that good intentions alone will not be enough to effect the kind of job training "partnership" envisioned under the act.

4. PRIVATE-SECTOR INVOLVEMENT IN JTPA

One of the primary changes JTPA envisioned in Federal employment and training policy was an increased role of the private sector. Congress intended that the private sector should be (at least) full partners with local elected officials in planning and shaping the employment and training program in the Service Delivery Areas (SDAs). This is manifest in the responsibilities vested in the Private Industry Councils (PICs), as well as the requirement that the PIC be composed of a majority of private-sector representatives. At the State level, one-third of the seats on the Job Training Coordinating Councils are reserved for representatives from the private sector.

4.1 Expectations for Private-Sector Involvement

An increased private-sector role could be expected to change local employment and training programs for a number of reasons. First, there is a widespread feeling that, since the private sector is the source of most new job opportunities, it is in a position to provide the best guidance in the design of skill-training programs that will result in placement of participants. Because business owners and managers know where future jobs will be, they can help develop programs that match labor market needs.

Second, close connections between private employers and local training programs can be expected to improve the program's chances of placing people in private-sector jobs. The involvement of local business executives should help build both their awareness of and their commitment to these programs and their enrollees. Recruiting employers for on-the-job training

(OJT) slots, for example, should be easier if some employers already participate in the program.

Third, private-sector people are commonly seen as more "bottom-line" oriented. While employment and training programs are seldom operated by profit-making institutions, the increased private-sector influence could be expressed in greater emphasis on measured results and efficiency.

Fourth, private-sector actors are expected to be less concerned with the political ramifications of particular decisions. This is not to assert that all local elected officials sought to use CETA resources for political benefit. However, it is true that some decisions are easier if one does not have to worry about which local pressure group might dislike the outcome.

Finally, some feel that increased private-sector participation will help avoid fraud and abuse in the programs, because no single set of actors completely control the program and because private-sector people are perceived as willing to "let the chips fall where they may."

Along with these expectations of the effects of an increased private-sector role, there are reasons to expect some resistance. Local elected officials were clearly in the driver's seat under CETA and undoubtedly many would seek to continue that role under JTPA. Some resistance to a major change in direction can also be expected from local service providers that had participated in CETA, many of whom had a vested interest in local training programs. Community-based organizations (CBOs) were one of the first groups to question the advisability of a major role for the private sector in employment and training programs.

Within this political setting, a number of parties were interested in the role the private sector would play in JTPA. This chapter seeks to answer the following questions: To what extent have the States and SDAs implemented the wish of the Congress for private-sector involvement in JTPA? What is the role of the private sector in specific programs? Is there a common model of private-sector participation? How much local variety is there? Who plays the dominant role in shaping local JTPA programs in the SDAs? What is the trend in private-sector participation?

4.2 Private-Sector Participation at the State Level

As indicated earlier, one-third of the members of each State Job Training Coordinating Council (SJTCC) must be from the private sector. The act also mandates that 20 percent of the members be from the general public, 20 percent from local governments, and 20 percent from State legislatures and State agencies. The chair of the SJTCC must be a nongovernmental representative. The role of the SJTCC in the 20 sample States is described in Chapter 2; this section focuses on the extent to which the private-sector members play a significant role in the actual operation of the SJTCC.

The report on the Phase I observation indicated that SJTCC roles varied considerably among the sample States. SJTCC roles fell into four broad categories: (1) active and influential, (2) active, but still learning the process, (3) dominated by the public-sector representatives or staff, and (4) purely advisory to the Governor. For the Phase II observation, the Associates were asked to describe the role of the Council in relation to that of the Governor and other State-level actors.

The focus was on the development of the State services plan for program year 1984 (July 1984 through June 1985).

At that time the Associate judged that the State Council was the primary influence on planning in four of the 20 sample States. In seven States, Councils had influence that was roughly equal to that of the Governors. In the other nine States, Associates reported that the Council was purely advisory to the Governor.

By the time of the Phase III observation in early summer 1985, the situation had changed very little. State Councils remained the primary force in JTPA in four sample States. They were equal to the influence of the Governor or his staff in six States and a purely advisory body in ten States. This represents essentially a stable situation.

In a State in which the role of the Council was judged to be primary, the Associate described the arrangements as follows:

> The State Council views itself as the Governor's policy arm relative to JTPA in this State, and relative to the staff. This relationship has evolved over the TY and PY84 to the point that the Council's role is to make policy relative to JTPA operation, advise the Governor on policy items it feels are beyond its charter, and to make decisions and provide oversight relative to the administration of JTPA by the State staff.

As noted in the report on the Phase II observation, after the initial implementation of JTPA, the Governors generally receded from the scene and left decisionmaking in the hands of the State Council and the administrative entity staff. Therefore, co-equal status for the Council most often means co-equal status with the State administrative staff in determining policy for the JTPA program in the State. An example of this situation is evidenced in the report by an Associate from a State where the Council was judged to be co-equal with the State administrative staff.

> The State Council is probably still, best classified as co-equal. By this I mean that the Council has the authority to effectively recommend policy and none of its recommendations have been overturned by either State staff or the Governor. The Secretary of Labor has made a decision to accept all recommendations of the State Council and so far the Governor has gone along. Still, the State Council has not used the power very often. The clearest area where it has exercised authority is on Title III, which has now become entirely a State level program.

At the same time this Associate notes:

> They [the Council] are totally dependent on State staff and their role has been to be informed by State staff and to suggest relatively minor changes in the staff proposals. The problem is both a low level of interest on the part of the private-sector members and continuous turnover in Council membership.

As suggested by the comments of the Associate in the case just described, State Councils and their private-sector members often do not exercise their potential power. A number of Associates indicated that the Governor had, to date, not overturned any decisions made by the Council, but that the Councils were reluctant to use their power and remained in an advisory status. In part, this may reflect an understanding of their statutory position as appointed by the Governor. In other cases, infrequent meetings and lack of full understanding of the operation of the program seemed to keep them from fully exercising their position with respect to policymaking for JTPA.

Further, a number of reports suggested turnover in the membership. However, in all but a few cases this was normal turnover due to expiration of terms and or business related (e.g., transfers) rather than resignations due to disillusionment or lack of influence.

In other cases, the Council is advisory to the Governor and the staff only and that, apparently, is the way the Governor and his staff want it. An example comes from a State where the Council is active but purely advisory.

> The Council still functions somewhere between advisory and co-equal relative to the staff and the Governor. The Council has become more involved and active over time, but the Governor and the State staff have kept this activity under control. Since last year, the Council has moved more in the direction of becoming co-equal, but it has not attained that status.

Private-Sector Participation on the Council

Related to the role of the State Council is the role of the private-sector members of the Council. The two are not independent. As alluded to previously, the role accorded to the private-sector members may not be independent of the role that is assigned to the State Council in the organization and implementation of the JTPA program in the State.

This was indicated by the results in Phase II of the study. At that time, overall, the private sector was strong or dominant on Councils in eight States. In six States, the private sector played a moderate role, and in six, it had only a weak role. Of the nine States where the SJTCC was purely advisory to the Governor, not one showed strong private-sector participation on the Council. On the other hand, among the remaining 11 States, eight had a strong or even dominant private-sector membership. Thus if the Governor wanted a different program from CETA, private-sector influence seems to have been one of the ways to accomplish that goal. In a State where the Council had not played a very effective role and private-sector participation had been weak, the Associate reported:

> Among the membership, elected officials rarely show up at meetings; legislators never. Private-sector participation is limited to a few committed activists, and State agency heads almost always send representatives -- usually program people who are active in JTPA administration themselves. The two SDA directors on the Council are always there,and take a prominent part in meetings. So do staff from the Department of Community Affairs, who attend committee and Council meetings in force. Thus, the Council is not a particularly independent force in JTPA policy and administration.

Among the States in which the State Council played a role equal to that of the Governor, private-sector influence varied greatly. In one such State, the Associate reported:

> An explicit decision has been made to follow the recommendations of the State Council, and none of its recommendations has yet been rejected. Still, the state Council has not exercised its authority in any wholesale manner. It has, for the most part, deferred to the State staff in the development of the plan for program year 1984.

Another Associate reported a growing role for the SJTCC:

> The role of the SJTCC during the early days of the transition year was primarily reactive. The SJTCC tended to adopt the State administrative staff's recommendations with minor revisions. Toward the end of the TY, there was evidence the Council had begun to occupy more of an equal position. As one top-level administrator put it, "The staff has to earn it (passage of its recommendations) every step of the way now."

These same two States, which were alike in the Council's role, differed in the degree of private-sector involvement. The first State had weak private-sector participation:

> Public-sector members of the Council have greater interest in JTPA, and their role on the Council is dominant. The private-sector members have not been active, and even their attendance at State Council meetings has been exceedingly poor. The State has not yet devised a way to actively involve private-sector representatives in the State Council or,more generally, in JTPA at the State level.

The second State, by contrast, had strong private-sector participation:

> The private-sector members of the SJTCC are currently among the Council's more active and vociferous members. Their role has increased since the earlier report for several reasons.First, they have become knowledgeable about the program. Second, key private-sector members have assumed committee leadership positions. Third, the governor has personally encouraged his private-sector appointees to actively participate in SJTCC activities.

The roles of the SJTCC and the private-sector members on the Council still varied greatly among the States. It is clear, however, that where private-sector participation is strong, the role of the Council tends to be strong as well.

Another issue is the trend in private-sector involvement at the Council level. Because of the heavy responsibilities of the SJTCC in the early stages of JTPA implementation, there has been interest in whether the private-sector members would retain their commitment after the big policy decisions were made. On the other hand, some questioned whether private-sector participants were knowledgeable enough to contribute to early program decisions and whether they would stay involved long enough to make a difference in the programs.

The answer to this question lies in the results of the Phase III observation. As mentioned in Chapter 2, in only three States had the role of the private-sector members diminished by the end of the program year. Two of these were in States where the role of the Council was judged purely advisory to the Governor and the State administrative staff. The other was in a State where their role was judged co-equal with that of the State staff (a State where the Governor has not had much involvement with the program.)

In Phase II, private-sector members of the State Councils were considered to be strong or dominant in eight of the sample States, moderately active in six, and weak or not a significant force on the council in six States. In Phase III, the private-sector members of the State Councils were considered to be active and dominant in 13 of the States, moderately active in four of the States and weak or not a force on the Council in three States. Of this latter group, they were considered "nonexistent" and "no force" in two States in which the Council was purely advisory to the State and staff and the Governor and "weak with poor attendance" in one State in which the Council was considered to be a co-equal body with the State staff and the Governor.

At the same time, the private-sector members of the Council were active (and in most cases dominant) in the four States in which the Council was considered to be the primary actor in the decisionmaking for JTPA in the State. Similarly, the private-sector members were active or the primary force on the Council in four of the six States in which the Council was considered to be co-equal to the other actors in the determination of JTPA policy.

Thus, the conclusion has to be that while the State Councils are advisory to the Governor and the State administrative staffs in half the States and primary relative to those other actors in only four, the role of the private-sector members has increased over the year. Thirteen State Councils have private-sector contingents that are active or dominant compared to eight at the end of the transition year (Phase II). The number of States with weak private-sector memberships on the State Councils correspondingly declined from six to three. Therefore, the private-sector role in JTPA increased over the year.

The other issue that was raised as the result of the Phase II observation was whether the private-sector members of the State Council would engage in "marketing" the program to private-sector employers and, in the long run, improve the credibility of the program to potential employers of participants. Along this dimension, the results are not very gratifying. Only four of the States indicated any form of marketing of the program and its products (participants) to other employers in the State, and in two of these, the efforts were staff initiated rather than emanating from the Council itself.

The last State-level issue to be addressed is the link between JTPA and economic development efforts in the States. In Phase I, this was found to be a primary factor in seeking strong private-sector involvement in the SJTCC. Fourteen of the 20 sample States reported using JTPA as an economic development tool.

The Phase II observation suggested that there may have been more rhetoric than reality to the JTPA-economic development link. In about half the States, there were only weak links or none at all between JTPA and State economic development efforts. These tend to be States with no unemployment problem or where the JTPA program most closely resembles CETA. The statement from an Associate in a midwestern State illustrates this common pattern:

> Although there is lip service paid to the development link with JTPA, it is not a strong one. As a development staff person told me, they make sure they offer JTPA services to prospective employers,but since every State has the program, it isn't considered much of a selling point.

In only a few States could a strong link be discerned between economic development goals and the JTPA program. In one of these States, conventional devices were used rather aggressively by the Governor:

> The Governor clearly acknowledged that the link between JTPA and economic development is the primary focus in the State. This was accomplished by retaining control over Title III funds in a statewide program and using all of the 8 percent set-aside for customized training. In addition, the Governor's coordination criteria require that SDAs reserve 10 percent of their Title IIA allocation for additional customized training programs within their areas. This thrust was reinforced when the Governor exercised his power to control 10 percent of the Wagner-Peyser allocation and channeled those funds into job-generating activities.

In Phase III, this conclusion had not changed. Even in some States that were actively involved in economic development, JTPA was most often not a part of the "bag of tools" utilized by the State for economic development purposes. Some use of JTPA for economic development occurred at the SDA level, to which we now turn.

4.3 Private-Sector Participation at the SDA Level

Private Industry Councils (PICs) are the major avenue for private-sector participation in the SDAs. PICs are to perform planning and oversight functions jointly with local elected officials. The act mandates that a majority of PIC members including the chair be private-sector representatives, making possible private-sector control of the PIC. Two concerns that emerged early in the implementation of JTPA, however, cast doubt on whether the private sector would take control as the Congress intended.

The first concern was how soon private-sector PIC members could achieve a grasp of the program sufficient to contribute to shaping it. The will to use one's influence is not enough; it is also necessary to understand the program. Because most public-sector members of the PIC were expected to be experienced CETA hands, there was concern that private-sector members would be left behind.

The other concern was whether private-sector represent-representatives would actually take an interest in employment and training programs for the economically disadvantaged. While creating more opportunities for the disadvantaged is in everyone's interest, it was difficult to see just how the private employers represented on a PIC would benefit directly from this activity. Some argued that apparent conflicts of interest might arise if firms represented on a PIC were then given OJT slots and other program benefits, but that denying these firms any such benefits would be asking them to serve purely out of a sense of corporate responsibility. Some firms might conclude that they had more to gain by avoiding participation on the PIC.

Findings from the first two rounds of the study suggested that these two concerns were not groundless, but may be less serious than some had thought.

As to the first concern, a sizable number of private-sector PIC members had experience with employment and training programs. Among the 27 PICs where a determination could be made, in 12 of these PICs, more than 20 percent of the private-sector PIC members had previous PIC experience under CETA Title VII. Nevertheless, there were ten PICs among the 27 where none of the private-sector representatives had any previous experience. Therefore, it is likely that, in some local areas, private-sector input was not effective in the early stages of JTPA implementation.

The results from the Phase I observation showed that the ability of private-sector representatives to play a full role was a valid concern at that time, as indicated in Table 4-1. Among the 22 SDAs reviewed in the first round, the PIC had greater influence than local elected officials in only six. Another six PICs were classified as advisory, but attempting to move to equal status with local elected officials. A total of ten PICs were found to be purely advisory to local elected officials. In other words, the local partnership had not yet been consummated on terms favorable to private-sector participation and direction.

Table 4-1. Role of PICs relative to local elected officials and JTPA staff over time (percent)

	Phase I	Phase II	Phase III
Primary	27	60	65
Equal	27	18	18
Advisory	45	23	18
Number of SDAs	22	40	40

By the conclusion of the transition year (Phase II), however, the field observations yielded a very different picture. In 24 of the 40 SDAs observed in summer 1984 (60 percent), the PIC was primary or dominant in influence in determining the content of the PY 1984 services plan. The PIC and local elected officials were judged equal in another seven SDAs (18 percent). In only nine of 40 SDAs (23 percent) was the PIC purely advisory in determining local JTPA program plans for PY 1984.

There is much variety among the SDAs, so much that it is hard to discern any central tendency. It is worth noting that only two of nine PICs that were purely advisory in the first observation were still in that category at the end of the second (Phase II) observation. Among the six PICs deemed to be advisory but attempting to move to co-equal status, only one was still advisory to local elected officials. Thus, there was a strong movement in the direction of private-sector influence.

As indicated in Table 4-1, at the end of the observation for Phase III of the study, the role of the PICs had increased even more over that observed in Phase II of the study. At the end of Phase III, 26 of the SDAs in the sample had PICS that were considered primary in the establishment of policy for JTPA. Seven PICs had a role equal to that of the local elected officials and only seven PICS remained in a purely advisory capacity, including a couple of cases in which the PIC was in an advisory relationship to the staff of the administrative entity for the SDA.

There had been even more of a qualitative shift in influence than is indicated in the counts presented above. In response to questions concerning the influence of the private-sector members of the PICs, the Associates indicated a general increase in private-sector involvement. The private-sector members of the Council were the dominant force on the Councils in 12 of the SDAs, a growing influence on the Councils in another 11, and considered equal to the other groups represented on the Council (most often the public-sector members and the staffs) in another five SDAs. The private-sector members were considered purely advisory or "no force" in the remaining 12 SDAs.

In light of earlier concerns that private-sector interest and influence would wane, this issue was addressed in Phase III. In response to these questions, numerous Associates indicated lower turnover, increased attendance, and more active involvement of the private-sector members of the councils, often indicating that attendance was more of a problem with the public-sector members than with the private-sector members. Further, the public-sector (agency) representatives were more often likely to send surrogate members or designees than the private-sector members. Some private-sector members lost interest and left the councils, of course, but these were relatively few and far between. This included a few cases in which members were asked to resign due to poor attendance. Several PICs in the sample have rules that anyone who misses three consecutive meetings (which are normally once a month) will be asked to resign. Some of these and others also have rules that public-sector members, may send designees who are allowed to vote, while the private-sector members are not allowed to designate an alternate. Most of the turnover that did occur was due to expiration of terms or business conditions. In a few cases, there was concern about conflict of interest problems.

Some examples may be more enlightening than the summary comments. The first of these comes from the Associate in an SDA in which the PIC is the primary source of policy and the private-sector members are the dominant force on the PIC.

> To understand this SDA, it is necessary to understand that since the 1960s, the corporate community has demonstrated a high degree of community involvement. The corporate community is sizable and involves the corporate headquarters of some very large firms. These firms have utilized the local Chamber of Commerce as the vehicle for much of their community activity. The Chamber of Commerce is used to being given the clout to twist arms for significant participation and seeing the corporate giants compete for the high ground. This corporate community had a role in CETA from the late 1970s by "loaning" managers to help "straighten out" a messed up local administration of CETA. The Chamber of Commerce had helped to organize the CETA PIC, and under JTPA, also has helped to organize the JTPA PIC. The new PIC has a staff funded by contributions funneled through the Chamber, is housed with the Chamber and generally must be viewed as imbedded in that long term community involvement effort by the corporate community. As such, they have clout and access to resources that we would believe is not common. This means that the PIC operates at a somewhat elevated level. Some examples include: The PIC established a "quota" of summer youth slots for each of the 95 largest employers in the SDA and then called to inform them of their "responsibility." It worked because if they get an initial stall from the personnel office, the president of the Chamber would then call the president of the company. The result was so many youth slots that they are now having trouble finding enough youth to fill them.
>
> The PIC target for next year is to be involved in the creation of jobs for 1/10th of the unemployed in the SDA. They estimate that total at 35,000 so the target is 3,500 jobs. JTPA will involve only 700 jobs, so

> clearly the horizons of the PIC extend far beyond the limits of JTPA.

The above described SDA may not be typical of all SDAs in the primary category, but certainly represents one end of the spectrum. A more typical case that indicates the increasing influence of the private sector comes from a suburban SDA in which the PIC was categorized as the primary actor.

> The PIC is composed of 23 members, however, it is dominated by a small cadre of 6 or 7 very active members, mostly from the private sector and educational communities. The PIC chairperson is very enthusiastic, aggressive individual. He did a lot during PY84 to increase involvement of the PIC in policymaking activities, especially with regard to choosing service providers.
>
> The real impact of the PIC has been in choosing the PY85 subcontractors once the proposals were submitted. The influence of the private-sector members in these decisions has been quite apparent. The PIC has made a strong commitment to performance-based contracting, regularly espousing effectiveness and efficiency goals. In PY85, the PIC recommended the elimination of some long-time contractors who did not perform well in PY84. PIC members have also asked for monthly updates on the performance levels of all classroom training subcontractors.

As suggested in this quote, performance contracting and "results" are major attractions to the private-sector members of the PICs. After voluminous plans and papers and the inevitable turf fights that accompanied the early implementation of the program, attention to jobs, placements and effectiveness seems to provide a spark to the interest of these individuals.

Even the fact that in some of these jurisdictions the PICs were described as equal to the local elected officials does not completely tell the story of the change that has taken place in the course of the year. The following case is one in which the PIC is described as equal to the local elected officials, but the influence of the private-sector members of the PIC is growing.

> The city/county PIC and the local elected officials (LEOs) are equals, as defined in their agreement, with policy decisions a shared responsibility. During the process of approving proposals for PY84, the City Manager expressed opposition to a program because of concern with a low positive termination rate. His position was contained in a letter read to the full PIC before the committee had presented its program and allocations recommendations to the Council. Many PIC members reacted with anger and confusion; it appeared that a significant segment of the PIC members were unaware of the co-equal status of city government. As a result of this situation, avenues of LEO influence on program definition have been formalized in a flow diagram in an attempt to prevent future uncertainty. That diagram indicates multiple points for LEO expression during the policy process.

It is not always the PIC itself that provides the leadership or the influence. That may often come from the committee structure, particularly that of the executive committee. The following case describes the situation in a single county SDA where the "PIC" is the primary partner and private-sector influence is growing.

> The PIC consists of 38 members, with 24 members representing the private sector. The entire PIC meets on the average of four times per year, depending on the presence of proposals. Both the administrative entity and the Executive Director of the PIC believe that absenteeism is a major problem.... It must be understood, however, that the roles of the PIC in planning, service decisions, and policy is vested in its executive committee. The role of the full PIC has not changed appreciably since the last observation, it reviews the work of the executive committee and votes on proposals. It is the private-sector influence on the Executive Committee which has been the source of private-sector change and this is more a function of individual characteristics than of group affiliation. In other words, increased private-sector involvement

> can be traced to the actions of a few key private-sector individuals.

Cases in which the PIC is purely advisory are often those in which it is preferred that way by the local elected officials. These often are also situations in which the PIC is large, has no subcommittee structure and, in some cases, is dominated by the staff of the administrative entity. The following is from a county SDA in which both the PIC and its private-sector members are considered purely advisory.

> The LEOs are not important actors in the county JTPA program. Rather, the important power relationship is between the PIC staff and the PIC. Overall, if I had to rank the proactive nature of the PIC on a scale of 1 to 10 (10=primary, 1=purely advisory), I would give it a 3 or maybe a 4. Of the 17 members, only three or four (all non-private-sector) have provided consistent input, while the rest either don't make the meetings or don't do anything if they do make the meetings. Lately, for example, the PIC has not been making quorums, so that decisions requiring PIC approval have been approved over the telephone. It is my opinion that this lack of involvement is welcomed by the staff, which attempts to minimize PIC input.

4.4 Other Private-Sector Influences

Private-sector people are playing other roles in JTPA programs besides serving on PICs. In six of the 40 sample SDAs the PIC itself is the grant recipient and administrative entity. Obviously in these cases, the private-sector PIC members participate in the usual functions associated with overseeing a major undertaking. But aside from direct managerial input, what else has private-sector participation in JTPA produced?

Even when the PIC is not dominant, it can shield local elected officials anxious about possible liability or fraud and abuse issues. This is an important function in a program like JTPA, where the Federal government has imposed few definitive regulations. A number of Associates mentioned this as one reason why local elected officials (and State Governors) were willing to give primary authority to the PICs or share power with the State Council. An example comes from an Associate in a large SDA:

> The local elected official depends heavily on the PIC to provide assurances that the program is operating in accordance with law and with good business practice. The local elected officials in this SDA are surprisingly unconcerned about program issues, including liability for disallowed costs.

Private-sector input is also valuable when it comes time to pull the plug on an unproductive contractor. A previous quote noted the same sort of situation in another jurisdiction. This emphasis on results and efficiency is a natural role for private-sector council members. This influence may not be independent of the point made above concerning shielding elected officials from politically difficult decisions or the potential for fraud and abuse. One of the most likely places for lobbying and political pressure is in the selection or retention of service providers. This is particularly true if the service provider is identified with a politically important or powerful group or geographic area. According to the Associate in a large-city SDA:

> They [the PIC] and the new private-sector members feel no pressure to fund poor service providers. The private-sector orientation of JTPA seems to offer the rationale for cutting them off, an orientation which was not present under CETA. Undoubtedly the private-sector majority on the PIC makes such decisions easier to make and harder to overturn through political means.

Other examples of private-sector influence relate to marketing the JTPA program to the community and, more particularly, to the business sector. One example follows:

> The State Chamber of Commerce is quite actively involved in promoting JTPA throughout the State and has had a major impact. Working with Job Service staff and occasionally members of the regional PICs, they have made local presentations in over 140 communities statewide that have been attended by over 4,000 employers. These meetings cover a range of topics besides Titles IIA and III programs under JTPA, but there is no question that the word is out. For example, with the help of some 6 percent money, an employer outreach program was conducted in one region that resulted in 50 requests from employers for OJT contracts. Before the program, these employers hadn't heard of JTPA.

As a result of the indications in the Phase II observation that a number of SDAs were undertaking marketing efforts aimed at selling the program to employers as well as potential participants, a followup on these efforts was included in Phase III of the study. In summary, almost half (17) of the SDAs were doing some marketing. Of these, seven were printing brochures for distribution to organizations that might be a source of potential participants or to potential employers of program participants as well as publicity such as radio and television spots or newspaper advertisements that described the program or encouraged participants or employers to call. The other ten were engaging in activities that encouraged the use of OJT among employers or advertising the availability of the

Targeted Jobs Tax Credit (TJTC).[1] The remaining 14 of the SDAs in the sample were doing either no or minimal marketing of the program. Minimal marketing might include printing brochures to hand out to potential participants.

Almost one-fourth (nine) of the SDAs in the sample were actively engaged in marketing their programs and participants. In addition to some of the activities described previously, this might include contracts with advertising agencies, chambers of commerce or public relations firms to publicize their programs, job fairs for potential employers of participants from particular programs (e.g. clerical or word processing), sending brochures describing the benefits of OJT or TJTC to all accountants in the SDA, etc. The following report is from an Associate in a large city that is actively engaged in marketing its programs.

> The PIC Marketing Committee was very active in PY84, primarily due to the efforts of the PIC chair who is also in charge of marketing efforts for the State Council. During the year, a slide presentation aimed at potential employers was put together along with a plan for its use. The committee also developed a brochure and had various promotional items (pens, coasters, calendars) made for distribution at business expositions, job fairs, civic and professional clubs, and visits to prospective employers. Flyers were printed to distribute to potential participants, newspapers, community newsletters, etc. The marketing group is hoping to put together a public service announcement in PY85. Thus far, the primary emphasis has been on reaching potential employers and marketing the adult program. In these efforts, OJT and TJTC have been highlighted.

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[1] Note that the coding here is hierarchical. That is, an SDA that is encouraging the use of OJT may also have brochures for potential participants. These activities might also include contacting new or expanding firms to advise them of the availability of OJT and TJTC.

Several of the SDAs in the sample were engaged in activities that might be better called economic development than marketing, but that were related to their marketing activities. In one SDA, the private-sector membership of the council is the local economic development board. In others, the PIC is represented on the chamber of commerce or has contracts for promotion with the chamber. In others, the PIC is part of the local economic development delegation that visits potential new firms to offer OJT, TJTC, and customized training, as well as employee referrals to any firm that locates in its boundaries.

4.5 Summary

A major goal of the JTPA legislation was to involve the private sector as a significant partner in employment and training programs at both the State and Service Delivery Area levels. It was thought that the private-sector members might have an impact on program decisions, assist in marketing the program and push for links to economic development activities.

An issue at the State level was whether private-sector involvement might wane after the initial organizational phase was over. In this regard, the conclusion to be drawn from Phase III of the study is that while the State Councils are, by their nature, advisory to the Governor and his staff, the role of the private-sector members has increased. In this phase of the study, 13 State Councils (65 percent) had private-sector contingents that were active or dominant, compared to eight at the end of the transition year. Further, although a number of Associates' reports suggested turnover in membership, in all but a few cases, this was due to expiration of terms or business transfers rather disillusionment or lack of influence. In general, the Associates indicated lower turnover, increased attendance and more active involvement of the private-sector members. Indeed, absence and the use of designees was reported to be more of a problem with public-sector members.

At the SDA level, there has been a steady rise in the influence of the PICs and their private-sector members. In the initial phase of the study, 45 percent of the PICs were judged to be advisory to the local elected officials and JTPA staffs. By Phase III, the PIC was judged to be the primary influence on program planning in 65 percent of the SDAs in the sample. Further, the influence of the private-sector members has increased over time. In Phase III, they were judged dominant or a growing influence on the PICs in 23 of the SDAs (58 percent) in the sample, an influence equal to that of the public-sector members and staffs in another five (13 percent) and purely advisory on 12 PICs (30 percent).

By the end of program year 1984 (Phase III), almost half the SDAs in the sample were engaged in marketing their programs to some degree and half of these were actively engaged in, for example, contacting employers to describe the benefits of OJT or TJTC, holding job fairs for employers, etc. Several SDAs were engaged in economic development activities such as offering training and screening and referral of potential employees (participants).

5. THE TARGETING AND SELECTION PROCESS

Participant characteristics are one of the most important features of a training and employment program. Most programs of the past 20 years have set some minimum eligibility requirements, but have not provided enough resources to serve all who met them. Instead, they have relied on program operators to devise ways to select participants from the eligible population.

In some programs, the law or administrative regulations have prescribed rules for outreach, intake, screening, and selection. As these rules become more detailed, program operators have less discretion in choosing participants. Setting such rules has been defended on the ground that it prevents undesirable practices such as "creaming" -- that is, choosing those who already have work skills rather than those needing more help. Extensive restrictions on participant eligibility, however, may limit local program operators' ability to tailor programs to specific community needs, or to serve people who need services but do not meet certain eligibility requirements.

JTPA provides more latitude in setting criteria and choosing participants than any other Federal training program of the last two decades. It gives the States wide discretion, and most States allow SDAs to exercise similar discretion. The law also grants the private sector a larger role in planning and operations, and thus (possibly) in selecting participants. JTPA's language supporting local choice in selecting participants, then, is consistent with its actual practice; previous legislation took away much local choice by setting detailed eligibility criteria.

Nevertheless, targeting remains an important research question. JTPA's impact cannot be evaluated until it is known who was served and how the targeting decisions affected program operations. The selection process is especially critical because the program is relatively small and the eligible population has been expanded.

5.1 Eligibility Criteria and Participant Characteristics

To provide a framework for analyzing State and SDA targeting and selection procedures, nationally representative data were used to estimate how many people were eligible for Title IIA of JTPA; how many actually participated; and how eligibles and participants differed in certain characteristics.

The number of people eligible for Title IIA was estimated from the March 1984 Current Population Survey (CPS). We used an approach developed in an earlier study analyzing CETA eligibility.[1] Each individual, 14 years old and older, on the CPS file was evaluated to determine whether he or she satisfied any components of the JTPA definition of "economically disadvantaged." These components include receiving public assistance and living in a family with an income below the poverty level, etc. A person fitting any of these categories was classified as eligible for JTPA Title IIA. Although the law allows persons who are not economically disadvantaged to make up as much as 10 percent of enrollees, it was impossible to operationalize this provision in our eligibility simulation. Hence, those identified as JTPA eligible in this study represent the narrower population of economically disadvantaged individuals.

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[1] Kalman Rupp et al, "Eligibility and Participation Rates of Older Americans in Employment and Training Programs," RR-83-11, Research Report Series, Washington, D.C.: National Commission for Employment Policy.

Data on JTPA participants were derived from the Job Training Longitudinal Survey (JTLS) Quick Turnaround enrollee sample for transition year 1984 (October 1, 1983 through June 30, 1984) and for the first three quarters of program year 1984 (July 1984 - March 1985). While the CPS data on eligibles cover a full calendar year, the JTLS data are limited to enrollees during two 3-quarter periods.

Selection and Self-Selection

It is important to understand how data on eligibles and participants are related to each other. The number and characteristics of participants reflect both the supply of program slots and the demand for program services. Targeting and other program operator decisions (e.g., outreach, screening) affect the supply of program slots. The demand for these slots, however, depends on self-selection by eligibles. Not all people who are eligible for JTPA apply for it, or would apply even if outreach efforts were more widespread or aggressive. Some groups of eligibles, such as people who hold full-time jobs, do not need program services. Other eligibles are not in the labor force, have family responsibilities, or are too old or too sick to benefit from JTPA training. For these reasons, the number of people who are eligible should not be interpreted as a measure of either the need or the demand for program participation. Targeting and other program operator selection processes interact with participant self-selection; the data reflect both.

Numbers of Eligibles

The data show that 23 percent of the U.S. population, 14 years old and older, satisfied the Title IIA economically disadvantaged eligibility criteria at some time during 1983. This amounts to an estimated 42.3 million persons. The number of new Title IIA enrollees during the three quarters of the transition year was 585,700; if the program had operated at this level for a full year, an estimated 780,930 people would have participated. At this annualized level, JTPA could serve 1.85 percent of the Title IIA eligible population.

A comparison of the number of people eligible for JTPA with the number who were eligible for CETA shows how broad the JTPA criteria are. Forty percent of JTPA eligibles would not have been eligible for CETA Title IIB, while 95 percent of the 26.8 million persons who satisfied the CETA eligibility criteria are eligible for JTPA. The primary reason CETA was more restrictive than JTPA is that CETA Title IIB required an individual to be not only economically disadvantaged but also unemployed, underemployed, or in school. JTPA Title IIA eligibility is not tied to labor force participation.

Although the appropriation for JTPA is less than the funding for CETA in its last years, JTPA's average cost per participant is substantially lower than that of CETA. Even so, the annualized number of Title IIA participants served under JTPA during the transition year (780,930 persons) was lower than the number served under CETA during FY 1981 (890,370).

The data also reveal that the more liberal JTPA eligibility definition, in itself, did not substantially change the mix of participants served. The vast majority of JTPA Title

IIA participants (88 percent) would have qualified under CETA as well. Of the 12 percent who would not, 6 percent were not economically disadvantaged and 6 percent were not eligible for other reasons. This suggests that self-selection and explicit or implicit program targeting are more important than the restrictiveness of the eligibility rules.

The importance of self-selection among eligibles is further underlined by labor force status data. Exactly one-half of JTPA eligibles were outside the labor force for the whole year. This portion is even higher (closer to 80 percent) for those 55 years and over, and somewhat higher than average in the youth group. Many of these people do not have the desire or ability to enter or re-enter the labor force, and therefore are unlikely to apply for JTPA. At the other end of the scale, 12 percent of all JTPA eligibles (and almost 20 percent of those between 45 and 55 years old) worked throughout the whole year. For different reasons, these people are also unlikely to apply for JTPA.

Characteristics of Eligibles and JTPA Participants

What was the end result of the supply and demand factors that entered into the JTPA selection process? The following sections compare eligibles and participants for several important characteristics.

Youths. The proportion of youths (14 to 21 years old) is substantially lower among eligibles (19 percent) than among participants (40 percent). This is a sizeable difference, and may help explain why many SDAs find it difficult to satisfy the youth expenditure requirement, as discussed in Chapter 7. Other characteristics will be separately presented for adults and youths. Table 5-1 describes adult JTPA eligibles and participants by various characteristics and contains comparable data for adult CETA Title IIB participants.

Gender, Age, and Race. Relative to their proportion of the eligible population, males were somewhat overrepresented among participants during the transition year, but the female share among adults increased significant during PY84. Consistent with expectations, older individuals are underrepresented among participants. This is largely because many older people have dropped out of the labor force because of retirement or poor health. Whites are underrepresented, blacks are overrepresented (they tend to be more disadvantaged than whites), and other minority groups are represented in JTPA Title IIA roughly in proportion to their representation in the eligible population.

Economic Status. Participants are more disadvantaged than eligibles according to family income and labor market criteria. Multiple regression models show that unemployment is the most important predictor of JTPA participation. These findings are consistent with the expectation that the demand for JTPA participation should be associated with economic disadvantage, since the more disadvantaged are most likely to benefit from participation in JTPA. It is possible that targeting decisions also contributed to this finding.

Detailed labor force status data reveal that the distribution of JTPA entrants by labor force status markedly differs from the distribution of JTPA eligibles. More than half of JTPA eligibles, but only about 10 percent of JTPA participants were not in the labor force prior to entry. The vast majority of JTPA entrants (80 percent) were unemployed at entry, while the proportion of those who were employed at entry is also substantially lower than the corresponding figure for the

Table 5-1. Distribution of adult JTPA Title IIA eligibles (i), and participants (ii), and CETA Title IIB participants (iii) by various characteristics (percent)

Characteristics	JTPA Eligibles	JTPA Participants Oct. 83-June 84	 July 84-March 85	CETA Participants
Total	100%	100%	100%	100%
Sex				
Male	43.3	50.5	45.8	45.5
Female	56.7	49.5	54.2	54.5
Age				
22-44	55.2	87.6	88.7	88.6
45-54	11.4	8.3	6.7	7.9
55 or more	33.4	4.1	4.6	3.5
Minority Status				
White (excluding Hispanic)	66.3	57.3	57.6	51.5
Black (excluding Hispanic)	21.0	29.4	29.0	29.1
Hispanic	9.2	9.4	9.8	11.4
Other	3.0	3.9	3.6	7.9
Family Income as Percent of Poverty Line				
50% or less	42.9	69.0	65.0	68.6
51-70%	11.7	10.2	12.7	9.1
71-90%	15.3	10.5	12.4	7.9
91-100%	7.1	4.2	3.9	4.0
101% or more	23.1	6.1	6.1	10.4
Family Income per Person				
$500 or less	27.1	48.2	43.5	54.1
501-1,000	7.2	9.3	8.8	12.6
1,001-2,000	16.7	17.3	18.2	18.6
2,001-4,000	31.1	18.8	21.3	11.5
4,001 or more	17.8	6.4	8.2	3.2
Labor Force Status				
Employed	36.6	8.8	10.1	13.2
Unemployed	10.1	82.2	79.7	56.2
Not in Labor Force	53.3	9.0	10.3	30.7
Receiving Public Assistance	44.1	43.8	43.9	53.8
Receiving AFDC	12.8	21.4	22.0	25.3
Receiving SSI	15.2	1.8	2.3	5.6
Education				
Less than high school	47.5	24.8	26.0	35.0
High school or more	52.5	75.2	74.0	65.0

Source: JTPA Eligibles from the March 1984 Current Population Survey (i); JTPA Participants from the Job Training Longitudinal Survey (ii); and CETA Participants from the Continuous Longitudinal Manpower Survey (July 1, 1980-June 30, 1981).

substantially lower than the corresponding figure for the eligible population. Again, the data suggest that participant self-selection, as well as program operator and other selection processes, largely accomplished what stricter eligibility criteria would have produced.

Overall, public assistance recipients are represented in the participant population in a somewhat lower proportion than in the eligible population. Within this group, however, AFDC recipients are overrepresented among participants and SSI recipients are underrepresented. The finding concerning SSI is expected, since most SSI recipients are disabled or older persons.

Education. Finally, those with better education are overrepresented among participants. This finding can be partly explained by two factors. The first is self selection. When we hold constant income and work experience, better educated people are more likely than others to apply for training. The second is that older people, who are on average less well educated than younger people, are also less likely to participate in JTPA. However, this finding is also related to screening processes, to be discussed later in this chapter. The data also indicate that high school dropouts are underrepresented among participants, although an exact measurement was not possible because of slight differences in definition between the CPS and JTLS.

CETA and JTPA Participant Characteristics

The data also indicate that the distribution of adult JTPA Title IIA participants by various characteristics is comparable to the distribution of CETA Title IIB participants. As Table 5-1 shows, women are somewhat less likely to be enrolled in JTPA than under CETA, and older people and whites are slightly more likely to participate in JTPA than in CETA. Both JTPA and CETA overrepresent the more disadvantaged as measured by family income and unemployment experience.

Labor force status data also show some important differences between JTPA and CETA. Although JTPA eligibility rules do not contain any restrictions with respect to labor force status, while most CETA titles contained rules targeting unemployed or underemployed individuals, the proportion of unemployed entrants is higher under JTPA when compared to CETA.

Although a somewhat higher proportion of CETA entrants were employed, the bulk of the JTPA-CETA difference is related to the higher representation of persons who were not in the labor force at entry into CETA. Some, but not all, of this difference is attributable to the higher proportion of public assistance recipients among CETA participants. The proportion of labor market entrants and reentrants was much higher under CETA than it is under JTPA. The proportion of high school graduates somewhat lower under CETA Title IIB than it is under JTPA Title IIA.

This comparison between CETA and JTPA participants supports the conclusions based on the comparison of JTPA eligibles and participants. The data do not support any simplistic notion of "creaming" by JTPA. People with serious labor market difficulties, as evidenced by lengthy unemployment spells, dominate the JTPA participant group.

Data on youth JTPA participants and eligibles (Table 5-2) are generally consistent with these findings. There are only two exceptions: 1) Hispanic youths are somewhat underrepresented among participants, while Hispanics are proportionally represented among adults, and 2) AFDC recipient youths are

Table 5-2. Distribution of youth (14-21 years old) JTPA Title IIA eligibles (i), and participants (ii), and CETA Title IIB participants (iii) by various charactristics (percent)

Characteristics	JTPA Eligibles	JTPA Participants Oct. 83-June 84	JTPA Participants July 84-March 85	CETA Participants
Total	100%	100%	100%	100%
Sex				
Male	47.6	49.0	50.6	48.8
Female	52.4	51.0	49.4	51.2
Age				
14-16	35.8	13.9	12.3	24.5
17	12.1	15.2	16.3	12.6
18	13.1	19.2	20.7	18.3
19	12.5	18.9	18.4	17.5
20	12.9	17.7	17.2	14.2
21	13.6	15.1	15.2	12.9
Minority Status				
White (excluding Hispanic)	53.8	49.1	49.6	45.4
Black (excluding Hispanic)	28.9	36.0	35.8	37.6
Hispanic	13.2	10.7	10.6	11.9
Other	4.0	4.2	4.0	5.1
Family Income as Percent of Poverty Line				
50% or less	49.5	62.6	63.1	61.1
51-70%	10.9	13.1	14.1	9.9
71-90%	13.7	13.5	13.0	10.7
91-100%	6.6	4.9	4.2	4.2
101% or more	19.3	5.9	5.6	14.1
Family Income per Person				
$500 or less	31.7	42.5	41.7	47.1
501-1,000	10.7	8.8	8.6	14.5
1,001-2,000	22.2	23.1	20.7	23.6
2,001-4,000	28.4	20.9	22.8	11.7
4,001 or more	7.0	4.8	6.2	3.1
Labor Force Status				
Employed	29.0	7.1	9.1	14.0
Unemployed	13.6	59.5	57.7	38.9
Not in labor force	57.4	33.4	33.2	47.1
Receiving Public Assistance	53.3	37.2	37.7	46.8
Receiving AFDC	25.8	19.4	20.6	23.7
Receiving SSI	8.5	3.1	3.0	7.9
Education				
Less than high school	70.4	58.2	59.1	62.2
High school or more	29.6	41.8	41.0	37.8

Source: JTPA Eligibles from the March 1984 Current Population Survey (i); JTPA Participants from the Job Training Longitudinal Survey (ii); and CETA Participants from the Continuous Longitudinal Manpower underrepresented in the participant group, and as a result, public assistance recipients are substantially underrepresented among youth participants. The comparison of youth characteristics between JTPA Title IIA and CETA Title IIB indicates a pattern similar to the findings for adults.

Data on the age distribution of eligibles and participants within the youth group show substantial difference. Substantially underrepresented among JTPA participants are 14-16 year olds, while 17-20 year olds are overrepresented when compared to eligibles. This is obviously related to the high proportion of in-school youth at the lower end of the age distribution. The proportion of 14-16 year olds was substantially higher under CETA, although still well below their representation in the eligible population.

In summary, JTPA participants are substantially more disadvantaged than eligibles by income and labor market indicators. However, they are less disadvantaged by education, an important indicator of human capital potential. The remainder of this chapter explores the role of explicit and implicit program targeting and screening in explaining these findings.

5.2 Eligibility Requirements and Significant Segments

Because only about 2 percent of the eligible population can be served under JTPA, decisions must be made about how to target limited resources. This section describes the particular kinds of eligible participants on which States and SDAs have concentrated their resources, and discusses how that targeting has taken place.

State Targeting

The legislation requires that youth and AFDC recipients be target groups for JTPA. However, Table 5-3 shows the other target groups selected by the States and SDAs in the sample for the transition year and program year 1984.

Several points concerning this targeting are worth noting. Generally, targeting priorities had not yet been fully established at the time of the Phase I observation. In Phase II, 35 percent of the States did not add to the targeting in the law. This compares to one-fourth of the States in Phase III. Although the Associates reported that there was not much change in the targeting of the program during PY84, what there was suggested more targeting to specific groups. This is re-enforced by the fact that while four States targeted "significant segments" in TY84, only two did so in PY84, opting instead for more specific targeting of the program. The average number of specific groups targeted (in addition to youth and AFDC) increased from 1.8 to 3.2 per State. While specific targeting changes were small, where they did occur, they most often favored the handicapped, older workers, and veterans.

SDA Targeting

In Phase III, 70 percent (28) of the SDAs did no targeting beyond that specified in the legislation or by the State. SDAs were less likely to use "significant segments" requirements in Phase III (5 compared the 11 in Phase II), but the number of specific groups targeted (specifically older workers and the handicapped) increased. Overall, the number of target groups at the SDA level increased from only 3.15 to 3.35 over the year.

Table 5-3. Targeting by the States and SDAs

	State		SDA	
	(n=20)		(n=40)	
	Phase II	Phase III	Phase II	Phase III
No targeting beyond that of the State				28
No targeting beyond that in the law	7	5	3	8
Significant segments	4	2	11	5
General asssistance	4	2	8	6
Limited English	1	2	5	3
Dislocated workers	3	3	3	7
Females	2	5	7	9
Minorities	5	7	10	12
Dropouts	5	5	17	11
Older workers	3	7	10	14
Displaced homemakers	2	3	8	7
Offenders	1	3	7	5
Handicapped	3	10	18	22
Unemployed and underemployed	1	1		2
Single parents	2	3	9	7
Veterans		4	9	9
UI claimants		2	3	5
Foster care children		1	1	2
Alcoholic and addicts	-	2		4
Refugees	-	1		2
Homeless	-	1		2
Average Number of Additional Target Groups	1.8	3.2	3.15	3.35

SDAs target more groups than do States partly because SDA officials are more accessible to various interest groups that lobby to include other groups. As an extreme case, in one urban SDA with a diverse population, the process for determining target groups was "very extensive," involving public hearings and PIC meetings. This SDA identified more than 30 target groups and specified the percentage of participants for each group.

The prevalence of targeting on older workers and the handicapped is particularly interesting because it is often more difficult to place these groups. Despite this, it is the SDAs, rather than the States, that are specifying these groups, even though the SDAs are the ones who are really subject to performance standards.

5.3 Screening and Selection Process

The data presented earlier suggest that those served under JTPA are more disadvantaged than the eligible population and that there are similarities in the demographic characteristics with those of participants served under the previous program. However, there was some evidence in the second phase of the study that selection processes were operating within the eligible population along unmeasured dimensions such as "motivation" or subjective assessments of the probability that a particular individual could be placed upon completion of training. This section discusses several aspects of how SDAs have approached screening and selection.

The results of the earlier phase of the study suggested that this participant selection and self selection was a function of a number of factors. These included the following:

1. Outreach and intake. At the time of that phase of the study, only one-fourth of the sample SDAs indicated that they were doing any outreach. This seemed to be because outreach counted as an administrative expense (and against the 15 percent limitation on administrative costs), but did not produce any training or placements. Second, most SDAs had centralized intake activities. Only five sample SDAs left intake to each service provider. In slightly over half the SDAs, intake was done by staff of the administrative entity of the SDA. The Employment Service did it in another nine. One SDA had a contractor responsible for intake for all programs.

2. Impact of Service Mix on Selection. The mix of services can also affect participant selection and screening. In typical OJT programs, several participants are referred to the employer, who selects the person to be trained. This involves some screening among eligible participants. Further, much classroom skill training has entry requirements such as a certain level of reading and math ability, a high school degree or GED, or a driver's license. This is another form of selection among eligible participants. Because OJT and classroom skill training have become larger parts of the JTPA program, the related selection procedures apply to a larger part of the participant population. We speculated that the apparent rise in the proportion of high school graduates was probably related to the increasing importance of OJT and classroom training in the JTPA service mix.

Participant Selection

Virtually all participants are economically disadvantaged, as the earlier characteristics data indicated. Little use is made of the 10 percent "window" for serving the nondisadvantaged population. The only major exceptions involve serving participants with other barriers to employment that largely overlap the economically disadvantaged population, such as the handicapped or displaced homemakers.

Within the economically disadvantaged population, how are participant selections made? In Phase II of the study, we asked the Associates to characterize the training needs of typical individuals selected for JTPA services. These can be categorized three ways.

The first group consists of those ready for employment at the time of entry to the program. The second consists of those participants able to find a job as a direct result of receiving the types of training provided by the program. The final group includes those most in need of extensive training and supportive services to become employable.

Half of the SDAs in the sample indicated that they were concentrating on the middle group, those most likely to directly benefit from the training and find jobs afterward. Six SDAs appeared to select the most job-ready among eligible applicants. These jurisdictions relied heavily on OJT as a service strategy and focused on job placement as a major goal. In eight SDAs, the Associates reported a concentrated attempt to serve the most needy in the eligible population. However, even this is a matter of definition; in some jurisdictions, the program operators indicated that among the most needy "the most placeable were preferred."

Minor exceptions occurred. One jurisdiction's strategy was to select individuals who were not job ready and make them employable. Two other SDAs indicated that they planned to provide training for the target groups that they had selected for service using demographic or economic characteristics.

5.4 Phase III Results

As a result of the indications in the earlier round of the study that participant selection procedures were operating that were not captured in the demographic characteristics of the population served, particular attention was paid to this topic in the design for this phase of the study.[2]

By late PY84, almost three-fourths (28) of the 40 sample SDAs were using central intake. In these cases, intake was done by the administrative entity itself, by the Employment Service which often had an eligibility certification contract, or, in five of the SDAs, subcontracted out to an intake contractor. These intake subcontractors were often CBOs who contracted with the administrative entity for this purpose. In slightly over one-fourth of the SDAs (12), the actual service providers handled the intake function. This was up from five in the previous round of the study.

Centralized intake can serve to either positively or negatively affect selection of participants. First, it is one way that an SDA can control the eligibility verification and therefore, its potential liability for disallowed costs. Second,

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[2] See Part III of the SDA Report Form used for Phase III of the study which is Appendix B of this report.

it can serve to dissuade potential participants from coming in if, for example, intake and eligibility verification take place only on the tenth floor of a bank building in the downtown area of a large city. Third, central intake can provide one way that the SDA can control the targeting of participants or meet "significant segments" objectives when the service providers are operating under performance-based contracts because it gives control to the SDA over who is referred to the service provider. An example of this is indicated in the report from the Associate in a small SDA.

> Intake is handled centrally the SDA's own staff. A major result of this tactic is that it gives the SDA hard data on the number of people walking in, numbers referred to specific contractors, and some indicator of persons drawn to JTPA.

An interesting sidelight is that in this SDA, the marketing committee of the PIC has encouraged local personnel officers to refer unsuccessful job applicants to the SDA. Not only is this a source of potential clients for the SDA, but it may improve links to the private employers for placing participants.

In Phase III of the study, three-fourths of the SDAs (31) were doing some form of outreach. In some cases, the outreach was minimal, but this compares to only one-fourth of the SDAs at the end of the transition year. In a number of cases, the outreach efforts were geared toward encouraging youths to participate or outreach efforts were only carried out to increase the participation of youth. At least some of this appears to be a response to the difficulty in attracting enough youth to meet the youth expenditure requirement which was reported as a problem in most of the SDAs in Phase II of the study. The following example comes from an Associate in a single county SDA.

> Much more outreach is undertaken to reach youth than to reach adults. For adults, walk-ins and UI claimants provide enough eligible applicants to fill all available positions. The youth positions are harder to fill and require more outreach. SDA staff will go to the schools and recruit in-school youth, and will advertise more for out-of-school youth.

Intake Procedures as a Screen

Phase II of the research suggested that the intake and eligibility verification procedures used by the SDAs might, in themselves, serve as a screen that reduced the number of eligible applicants. In Phase III, we examined this process in more detail. Generally, the process can be described by the following sequence. An individual applies to the program and is given an application and a list of the materials that must be assembled for income eligibility verification. When the individual returns with the required materials, eligibility is verified and, if eligible, the individual is scheduled for either testing and/or counseling. Generally, at this point, the policy regarding support payments while in the program is explained. After testing and the development of an employability development plan, decisions are made on the type of training, job search, etc., that are appropriate for the individual. If a slot is available in the agreed upon training program, the individual is referred to the training agency as a potential participant. If accepted by the training agency, the individual is scheduled for training and enrolled as a participant. If a slot is not currently available, the person is given a holding status until an opening occurs. At various points in this process, informal assessments might be made as to the "motivation" of the applicant and the likelihood that he/she can and will complete the training. An example of this process is given by the Associate in a rural SDA.

In outline form, the process is as follows:

1. ES intake and eligibility determination takes anywhere from a few hours to several days depending on the information required from the applicant.

2. The assessment agency administers an achievement test and rejects applicants who can't pass the math and English requirements. This step requires only a portion of a day.

3. After several days, the applicant is asked back to take the aptitude and employment competency exams.

4. The next day a decision is made by a counselor whether to accept or reject an applicant. If accepted, the applicants are enrolled in JTPA and are referred to a training activity which is appropriate for the participant. Employability Development Plans are developed for each participant.

5. People who fail the tests, whether formal or informal, are rejected and in some cases referred to other agencies. No followup record is maintained on the applicant after he is rejected or referred to other agencies.

Testing and Screening

The responses of the Associates regarding minimum entry requirements and the use of testing were quite diverse. One-fourth of the SDAs in the sample indicated that they had no minimum entry requirements or testing for purposes of screening applicants. Often these jurisdictions indicated that they tried to place all eligible applicants or were "screening in the most in need." One example comes from the county that was doing outreach for youth.

> The SDA has no formal process for testing or ranking applicants. Assessment of the applicants involves two steps. The first is eligibility determination, which

> follows the Federal legislative guidelines. If the individual is found to be eligible, then the second step involves a staff determination of which programs, if any, will best fit the applicant... About 80-90 percent of youth applicants are accepted, while about 70 percent of adult applicants are accepted. Adult applicants may be turned down for one of two reasons. First, they must have some demonstrated barrier to employment. This may preclude, for example, an individual who has not looked for a job or a college graduate who is simply unwilling to leave this bucolic setting. Second, at the other extreme, an individual may be deemed to be "untrainable." Some individuals who are not accepted will later reapply (for instance, after an unsuccessful job search has been undertaken), but most disappear.

At the other extreme are the minority of SDAs that had single entry requirements for all participants. This group included one that required a high school diploma for entry into any of its programs, another that required a fifth-grade math level and a seventh-grade reading level, another that required a fifth-grade reading level only, and one that required a third-grade reading level.

In between were the majority of the SDAs that had a range of entry requirements for various parts of their training programs and, either through counseling or testing, selected individuals for particular program components. The variety of the requirements is indicated in the following quote from an Associate in a large city.

> Entry requirements vary by activity, but generally clerical programs require a high school diploma or GED and certain functional levels, such as eighth-grade level language skills and sixth-grade math. Craft and service programs are targeted toward dropouts, but participants must meet functional requirements. The hospitality (hotel) industry training requires sixth-grade language and fourth-grade math skills. The craft program requires ninth-grade language and math levels and one year of algebra. Several customized training programs require a high school diploma or GED for low

> level occupations, i.e., snack bar attendants, for example. Referrals to some customized training programs were difficult because in one case an automobile was needed by the participants and in another case, a maximum age restriction of 24 years was put on by the electrical union which enrolls their trainees in apprenticeships. The intake contractor assesses applicants by a combination of abilities and interests. Their case managers also screen for behavioral criteria for programs for which this is critical. For example, ability to speak standard English is assessed before referring clients to general clerical training. Applicants who do not meet service provider minimums and had not dropped out before being enrolled enter a holding pool and risk ultimately becoming negative terminations if an appropriate slot cannot be found for them.

Assessment may be through formal testing or done informally by program counselors. The process may be carried out by either the administrative entity or by the service providers. An example of formal testing by the administrative entity is given in the report from the Associate in an SDA encompassing a medium-sized city and the surrounding county.

> The testing and assessment process is keyed into the program in a number of ways. First of all, the basic employability assessment is made. This involves some 24 specific behaviors which have now been incorporated into the youth competency system. Second, they administer a test of basic skills in reading and arithmetic. Then, the work record of the applicant is reviewed.
>
> Individuals are sorted into three levels. First, are those who are not-job-ready. These are people with real barriers to employment at the present time. Included here are those with emotional problems, substance abuse, etc. These people are least likely to be treated by the program. Second is the basic trainability component. Individuals who are considered appropriate for training are entered into a computerized match system which includes their abilities, their interests and characteristics. Contractors then draw from this pool on a referral basis with the SDA trying to give the employer or trainer what they need. This includes going as far as

> specifying significant segment characteristics as well. Thus, a contractor can ask for a female with a tenth-grade reading level and an interest in welding. Third, are those who are regarded as ready for more or less independent job performance. They are referred to the OJT pool and occasionally find themselves direct placement.
>
> Entry requirements are negotiated with the program administrators. In addition, the norm is to refer three applicants for each slot. This includes training slots as well as OJT slots. Thus, the opportunity for screening at the service provider level is considerable. The SDA monitors the screening that goes on informally and when they find a contractor to be "creaming," they take "appropriate" administrative action to correct the behavior of the contractor.

In other cases, the SDA basically does the eligibility verification and the entry requirements for the programs are set and screening done by the actual service providers. An example of this arrangement comes from a suburban SDA.

> Entry requirements vary according to the particular programs. These requirements are determined by the program subcontractors (subject to PIC staff review), and the subcontractors also do the screening, both formal and informal. For example, admission to the word processor training program requires a participant who can already type at least 30 words per minute. The subcontractor screens out those who cannot meet that standard, but might place some of those persons in daycare training. Depending on the job order, OJT contractors do similar screening for literacy, previous experience, etc. Applicants who do not meet any requirements may be referred to social agencies, or just sit in the applicant pool. A PIC planning document, for example, states that in the first half of PY84, "60 percent of the high school dropouts applying for JTPA services ... were not enrolled in any activity."

As suggested in the previous case, in addition to the process of applying for the program (which may dissuade all but the more motivated applicants), those who do not meet the requirements for particular training activities may go in several directions. Those with drug or alcohol problems or an immediate need for income may be referred to other social agencies in the community. Those in need of basic education may be referred to or placed in adult basic education programs with the possibility of entering training after their basic skills have improved. Third, they may be allowed to simply wander off or remain in an applicant pool until an appropriate activity can be found. An example of the referral process comes from a small rural SDA.

> Those who do not meet requirements are referred to other agencies or programs, particularly basic education. But in any case, the need outstrips opportunities. For approximately 500 JTPA enrollment slots, 2,300 people had applied by April 1985.

Another example of this process is found in the Associate's report from a large city SDA.

> Entry requirements vary from program to program. They are negotiated between the SDA and the service provider. These requirements are usually written into the contract. It is common for many training programs to require a high school degree. For example, 80 percent of clerical training positions require a high school degree. Many others require at least tenth-grade verbal and numerical skills. For some programs (especially OJT slots), there is informal screening to maximize the likelihood that the participant will successfully complete the program. In general, those that do not meet entry requirements must wait for an opening in a program for which they can qualify. For those with low levels of basic skills, the wait can be very long.

Need Based Payments and Supportive Services

Although they vary substantially in detail from one Service Delivery Area to another, guidelines for the provision of need-based payments and support services are, in general, quite similar across the SDAs in the sample for this study. Only one SDA provided no supportive services and/or need-based payments. In this jurisdiction, all such assistance is provided by referral to other agencies. One in four of the SDAs in the sample used referral to other agencies to provide services in addition to the use of their own resources.

In general, the guidelines call for the payment of from 10 to 20 cents per mile for transportation to training or a similar flat amount such as $10 a week to trainees who travel more than 100 miles a week to training.

Child care is either supplied by the SDA or the training contractor or child care expenses are reimbursed as a need-based payment by the SDA. In other cases, a flat amount such as $30 per week is paid for child care expenses. Additional payments are made for more than one child in child care.

Payments are made to individuals in training of so much per hour or day (e.g. $1.50 per hour or $6 per day to individuals in training for six or more hours per day). In other cases, a weekly payment is made that amounts to $5 or $6 per day for those in training.

Some SDAs make additional payments to individuals in training for lunch such as $1.50 per day for those in training for six or more hours per day. In addition, one time payments might be made for medical examinations required for employment, uniform purchases, eyeglasses, etc., although total amounts for these purposes are reportedly small.

An example of such a policy for support service payments comes from the Associate in a large city.

The SDA pays support services (transportation, meals, and child care) with the following constraints:

1. Transportation allowances are equivalent to the cost of one round-trip on public transportation (this has been $5 weekly). All participants receive these payments.

2. A meal payment of $3 is paid to participants in activities requiring at least three hours of participation daily. These payments are not made to OJT or work experience participants.

3. Child care is paid only for parents of children not already enrolled in subsidized child care situations. In PY84, the maximum was $30 weekly, but this will probably be raised in some instances since the going rate for infant child care in the city is $40 to $45. Referrals are also made to Title XX day care centers.

Procedures for payments most often call for payment by the SDA. However, in some SDAs, the payments are made by the training contractors according to a policy approved by the PIC and draw down funds set aside for this purpose by the administrative entity. A few SDAs called for these payments to be made by the service providers out of their contract funds. However, as one Associate noted, "under these circumstances the attitude of the service providers regarding supportive service payments suddenly changed." Most SDAs had shifted to either payment by the SDA or set aside a certain amount of funds in the service provider's contract for this purpose.

The payments described above are generally restricted to individuals in training or basic education. Individuals in "wage-based" training activities such as OJT or work experience, tryout employment, etc., are not given payments for transportation, child care, or other needs. Similarly, individuals receiving unemployment insurance benefits or AFDC payments are also excluded from the receipt of support services or need-based payments.

Only four of the SDAs in the sample had waivers of the 30 percent limitation on administration and supportive services. All of these jurisdictions are large rural SDAs and all based their request for a waiver on transportation costs. Otherwise, their procedures for payments are similar to those described above. Most SDAs did not anticipate a problem meeting the limitations and the highest percentage of funds used for need-based payments and supportive services was 16.5 percent by one of the SDAs with a waiver.

5.5 Summary

JTPA provides more latitude in setting criteria and choosing participants than any other Federal training program of the last two decades requiring only that 90 percent of the participants be economically disadvantaged. Based on the March 1984 Current Population Survey, 23 percent of the U.S. population 14 years old and older, satisfied the Title IIA eligibility criteria at some time in 1983. Based on transition year enrollment rates, on an annualized basis, JTPA could serve 1.85 percent of the Title IIA eligible population.

Relative to eligibles, JTPA participants are more disadvantaged according to family income and labor market criteria. Whites are underrepresented among participants relative to eligibles, Blacks are overrepresented and other minotirites are represented in Title IIA roughly in proportion to their representation in the eligible population. Youths (14 to 21 years old) comprise 19 percent of the eligible population but 40 percent of the participant population. Public assistance recipients are underrepresented in the participant population relative to the eligible population.

Because of the large eligible population and few restrictions on targeting (youth and AFDC recipients), State and SDA targeting and selection issues are particularly important in JTPA. In Phase III, one-fourth of the States did not add to the targeting in the law and 70 percent of the SDAs did not add to the targeting of the State. On average, States targeted slightly over three groups for service; SDAs added slightly to this total. Most often targeted were older workers, the handicapped and veterans.

In Phase II of the study, one-half of the 40 SDAs in the sample indicated that they were targeting individuals most likely to benefit from training and find jobs afterward. Another six appeared to select the most job ready among eligible applicants, eight attempted to serve the most needy within the eligible population although some indicated a preference for the "most placeable" within this group.

By late in program year 1984, three-fourths of the SDAs in the sample were using central intake for their program. The remaining one-fourth allowed direct intake by the service providers. In Phase II, one-fourth of the SDAs were doing any outreach. However, by Phase III, this had increased to three-fourths. Often, this outreach was done to increase the participation of youth in the program.

The intake, eligibility verification assessment and testing procedures used by the SDAs serve as a screen that selects eligible applicants.

In general, support services and need-based payment policies call for payment of mileage associated with training. Child care is provided by the SDA, training contractor or reimbursed as a need-based payment. Payments are also made to individuals in training on a daily or weekly basis that amount to $5 to $6 per day. One-time payments may also be made for eyeglasses, medical examinations, etc., that are required to obtain employment. The above payments are restricted to individuals in training or basic education as opposed to "wage-based" activities such as on-the-job training or work experience. Individuals receiving unemployment insurance or AFDC payments are often not eligible for these payments.

6. JTPA TRAINING: TYPES, CONTENT, PROVIDERS AND THRUST

6.1 Introduction

This chapter examines the content of training which participants in the JTPA Title IIA programs received during the first nine months of program year 1984. As primarily a process evaluation, this study has not attempted to evaluate the effectiveness of the training. An ongoing study sponsored by the U.S. Department of Labor, the Job Training Longitudinal Study (JTLS) collects data on participants and terminees and can more directly assess the impact of JTPA on the subsequent employment and earnings of its participants. Section 6.6 below discusses the most recent JTLS outcomes data. A number of process issues and implementation decisions, however, bear directly on the impact of JTPA programs on clients. These decisions and issues are the primary focus of this chapter.

The legislation allows a wide variety of services to be offered to clients; the only exclusion among those services formerly allowed under CETA is public service employment which is now prohibited. Generally, the payment of stipends to clients is also prohibited, but the legislation allows wages to be paid, for on-the-job training, work experience, and youth entry employment experience/tryout employment. However, Service Delivery Areas (SDAs) are limited as to the amounts which can be expended in the latter two categories. With the across-the-board prohibition of client stipends under JTPA, it could be expected that the training emphasis would be affected.

As discussed in the Phase II report,[1] OJT is being more extensively used for training under JTPA than under CETA. A sample of 609 OJT contracts collected in Phase II revealed a median length of 13 weeks. This is the median length of a contract; this data indicate a median length of stay in OJT is slightly under twelve weeks. This is almost three weeks less than the median length of stay in OJT under CETA in FY80.

More than half of the contracts in total sample had wages below the performance standard wage of the SDA. Those short-term low wage contracts helped achieve high placement rates at low cost per placement. However, they did not help the SDAs meet performance wage standards. The median wage for these contracts was $4.50 per hour. The distribution is shown below.

Hourly Wage	Percentage of Contracts
Less than $3.50	16
$3.50 to $4.49	32
$4.50 to $5.49	31
$5.50 to $6.49	11
$6.50 or more	10

The greater emphasis on service to the private sector, the prohibition of stipends for clients during training, and the performance-based nature of the system have contributed to the shift to more OJT. This chapter will consider whether these and other factors have had an effect on other aspects of service including the method/mode of delivery, the kinds of training for what kinds of jobs, the extent (length) of training, the agencies offering training, and whether special programs are being provided for hard-to-serve groups.

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[1] Robert Cook et al., Transition Year Implementation of the Job Training Partnership Act, Westat, Inc., January 1985, pp. 7-9 and 7-10.

Since JTPA has been designed with built-in performance standards which ultimately affect the amount of training dollars available in SDAs, a sophisticated system is needed for States and SDAs to keep track of training "successes" and "failures." The legislation leaves the management information responsibilities to the States, there are no uniform standards nationally.

One issue, then, is who gets counted in participation data and what constitutes a placement. Within States, SDAs vie for incentive grants based on performance. How they count participation can affect their performance results and thus their incentive funding. A discussion of these definitional issues as they affect the training data follows.

6.2 Enrollees, Terminees and Placements

The primary issue with respect to definitions is whether or not an SDA can manipulate reporting of participation so as to maximize placement statistics. This can be accomplished by postponing the reporting of "enrollment" of participants until considerable service has already been rendered and/or by postponing the termination of participants who are not placed in jobs to forestall negative terminations. Among the 40

SDAs studied, only six are not subject to standard State terminology for reporting participation, termination and placement. Four of these SDAs defined their own terms and two operate with no formal definitions. At the other extreme, one SDA instituted more stringent definitions than the State. The terms of performance-based contracts spell out more exact terms for termination and placement for service providers in a growing number of SDAs. This added layer of requirements generally is more restrictive. The result of both circumstances is that within those States without uniform standards, SDA's placement rates as well as distributions of types of services offered may not be comparable.

Across States, the variation in definitions also affects program accounting. This, however, is not as great a problem as might be expected, given the absence of a comprehensive federally regulated MIS. States and SDAs usually define participation as "started receiving subsidized employment, training, or services including outreach and/or intake and assessment." Similarly, virtually all SDAs are in accord about the definitions of placement in unsubsidized employment or, in the case of youth, return to school, etc. Some also allow entry into the armed forces and apprenticeship programs as positive outcomes for youths. However, some States and SDAs have begun to tighten up their definitions of placement. For example, some States exclude temporary, part-time, or short-term jobs from being included as a placement. Other States or SDAs require, for placement credit, retention in jobs for periods varying from as few as ten days to as many as 160 days. Clearly this colors the reading of placement statistics.

The time allowed between the end of formal training and placement is recognized differently by SDAs. Over half of the States/SDAs define the maximum allowable period of participant status after training has ended. This ranges from two weeks to 90 days, with 90 days frequently allowed by most States/SDAs. Three SDAs are permitted by their States to place participants in a "holding" category between training and placement, usually for reasons such as illness or other inability to be placed. Even so, the period is limited.

The period of time allowed before "training" actually begins is the most nebulous definition in terms of consistency across SDAs. Since participation usually begins with training, questions arise concerning what happens before training begins, what it is called, and how it is counted.

Only four SDAs in the study provided no services to clients prior to enrollment and entry into the management information systems as participants. Most SDAs do not use any terminology to denote these potential participants who receive pre-training services. Since the term "enrollee" is synonymous with participants or is not used in the majority of SDAs, it does not indicate a client who is passing from applicant to participant status.

The range of activities which SDAs may perform before classifying clients as participants include the following: outreach, screening, intake, certification, assessment, testing, vocational evaluation, counseling, referral, orientation and preparation for job training. Most SDAs do not do all of these things before "participation," but virtually all SDAs which perform any pre-participation services screen and/or assess applicants.

A major reason for scrutinizing applicants before enrollment is to ensure that they can be served. According to one field report, "No one is enrolled unless services are available to meet their needs." Another Associate reported that "the Enrollment Center staff filter out inappropriate applicants -- ineligibles... and those lacking interest in what JTPA is offering so they will not be entered into the State's MIS." Another Associate reports, "an applicant is not enrolled unless there is an existing OJT, classroom training or job search slot or unless the applicant appears to fit into a training program which is scheduled to start in a short time from the date of enrollment."

Beyond enrolling only those whom they believe they can serve, SDAs respond to performance pressures from their States, and service providers to those pressures imposed by the SDA's performance-based contracting as these quotes illustrate:

> Once considered an enrollee, the SDA must track this person and it enters the person in the State's MIS. This has payment implications under performance-based contracts.

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> In some instances, service providers may withhold filing MIS to insure participants will remain with the program through completion. Service providers carefully assess their participants to insure that outcomes are met and funds are earned under the fixed unit price contracting.

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> There is some screening prior to enrollment, especially when they are close to the performance standards--if they are at 56 percent adult entered employment, they will be far more careful about who gets enrolled than if they are at 60 percent.

In a few SDAs the extensive pre-training service results in the paradox of serving some would-be clients while screening them out, as the following quote illustrates.

> One contractor in PY84 does fairly extensive work with referrals to it, prior to enrollment. It accepts only better people as enrollees. Some of the non-enrollees are receiving counseling and guidance, but the SDA receives no credit for this. In PY85, the contractor will find this harder to do as the SDA has given them fewer dollars per enrollee.

In one-fourth of the SDAs in the study in which subcontractors (often CBOs) perform their own intake, service may more easily be provided prior to training than is the case when intake is centralized. Also, as one associate reports:

> A person could possibly receive some non JTPA-funded service from a subcontractor prior to attaining participant status, since subcontractors have a life outside of their JTPA existence.

Notwithstanding the prevalence of screening and assessment and the occasional other pre-training service, most SDAs and contractors gear these services to their performance demands. This same motivation also operates at the tail-end of participation. Once training is complete, participants have a certain length of time to become employed (usually 90 days) before being counted as negative terminations. Some SDAs place trainees in a job search activity which can result in postponing their being counted as negative terminations. In the data cited below, job search includes some participants who have been in other activities first as well as those for whom it is the sole training activity.

6.3 Types of Training Activities

Associates collected data on program enrollments through the third quarter of PY84 for 39 SDAs.[2] This data records not only the "initial assignment" for an enrollee, but also subsequent activities, thus it is a sample of enrollments in all activities, throughout the enrollment period. In contrast, JTLS data report only the initial JTPA assignment.

Program Enrollments (39 SDAs)
July 1, 1984 - March 31, 1985[3]

Activity	Number (Thousands)	Percent
On-the-job Training	13.3	21
Classroom Skill Training	19.8	32
Basic Education	6.5	10
Work Experience/Tryout Employment	4.9	8
Job Search/Job Club	7.9	13
Other	9.8	16
TOTAL ENROLLMENTS	62.1	100

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[2] In one sample SDA, no information on program activity of participants was available.

[3] For definitions of activities included in each category, see Appendix C, SDA Report Form.

Classroom skill training is the most frequent activity -- about 32 percent of all enrollments. OJT is the next most frequent, accounting for 21 percent of enrollments. Job search accounts for a minimum of 13 percent of enrollments; several associates reported that job search could not be disaggregated from "other" in the records to which they had access. Thus, job search is actually greater than reported. One-tenth of enrollments were in basic education.

Comparing these data to the "initial assignment" data from JTLS for the same period shows close correspondence among the categories. Combining the sample SDA enrollments for classroom skill training and basic education yields a percentage virtually the same as the JTLS. The JTLS figure for job search is 7 percent higher, but our sample data is known to underestimate job search.

Initial Program Assignment (JTLS)
July 1, 1984 - March 31, 1985[4]

Activity	Number (thousand)	Percent
On-the-job training	114.8	21
Classroom training (Skill & BE)	219.0	41
Work experience	44.1	8
Job search	108.3	20
Other	53.0	10
TOTAL ENROLLMENTS	539.2	100

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[4] U.S. Department of Labor, Summary of JTLS data for JTPA Title IIA and III enrollments and terminations during January - March 1985, August 1985, p.4.

The enrollment distributions differ significantly from that recorded late in the CETA program. In addition to the findings of Phase II that OJT is more prevalent under JTPA than CETA, this data shows less reliance on classroom training. In FY 1981, 45 percent of CETA Title IIB participants were enrolled in classroom training (skill and basic education) not counting those among enrollees in the Private Sector Initiative Program (15 percent) who were in classroom training (CT).[5] Thus, somewhere between 45 and 60 percent of CETA participants were in CT compared to 41 to 42 percent of JTPA enrollments (enrollments "double count," thus are not strictly comparable with participants). Fewer JTPA enrollments are in work experience now that this activity is limited (8 to 13 percent compared to 19 percent of CETA participants). More enrollments are in job search, between 13 and 20 percent of JTPA enrollments, compared to 8 percent of CETA participants. In short, classroom training and particularly work experience are relatively less important under JTPA than they were under CETA, whereas, OJT and job search are more important. Individual SDAs, however, vary greatly from this overall pattern of enrollments in terms of the percentage of enrollments in various activities as the following subsections discuss.

On-the-Job Training

SDA variation in enrollments in OJT ranged from a low of 3 percent of enrollees to a high of 64 percent. In three

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[5] The Continuous Longitudinal Manpower Survey, Report 15, Westat, Inc. Prepared for U.S. Department of Labor, 1981, Tables 2, 3, and 5, pp. 56, 57, and 59.

SDAs, a majority of all enrollments were OJT. One-half of the SDAs enrolled between 11 and 30 percent in OJT as shown below.

Percent Enrollees in OJT	Number of SDAs	Percent of SDAs
1-10	8	21
11-20	10	26
21-30	9	23
31-40	7	18
41-50	2	5
51-60	2	5
61-70	1	3
TOTAL	39	100

Classroom Skill Training

Occupational skill training is a significant activity for all but two SDAs. The enrollments range from a low of 2 percent to a high of 76 percent with 30 percent the median, which is close to the overall average of all sample enrollments of 32 percent. In one-half of all SDAs, between 21 and 40 percent of enrollments were in skill training.

Percent Enrollees in Classroom Skill Training	Number of SDAs	Percent of SDAs
1-10	2	5
11-20	9	23
21-30	9	23
31-40	9	23
41-50	2	5
51-60	5	13
61-70	2	5
71-80	1	3
TOTAL	39	100

Basic Education

Basic educational training is not offered at all by 13 SDAs. Among those offering it, basic education generally accounts for less than 20 percent of all enrollments. An exceptional SDA placed 57 percent of all enrollees in basic education. Thus, basic education is a small part of the training activities of most SDAs (no information was available for two SDAs).

Percent Enrollees in Basic Education	Number of SDAs	Percent of SDAs
0	13	34
1-10	15	39
11-20	8	21
20-30	1	3
31-60	1	3
TOTAL	38	100

Work Experience

The 15 percent allowable maximum of all expenditures for client payments and 50 percent of work experience wages effectively limits work experience enrollments by SDAs. Ten have no work experience; in the remaining SDAs, work experience does not exceed 22 percent of total enrollment (information was unavailable for two SDAs).

Percent Enrollees in Work Experience	Number of SDAs	Percent of SDAs
0	10	26
1-10	12	32
11-20	15	39
21-30	1	3
TOTAL	38	100

Job Search

Overall, job search is the third most frequent activity for JTPA enrollments. Only seven SDAs do not have an identifiable job search activity. Three SDAs that have job search combine it in a residual "other" category for record keeping and, therefore, are not included here. Otherwise, the median job search enrollment among all SDAs is 15 percent with a maximum enrollment in an SDA of 37 percent.

Percent Enrollees in Job Search	Number of SDAs	Percent of SDAs
0	7	20
1-10	6	17
11-20	9	26
21-30	9	26
31-40	4	11
TOTAL	35	100

6.4 Content of Training

In terms of training content, the emphasis of this phase of the process study is on classroom skill training. The Associates delved into the content, duration, and providers of classroom training as they had investigated on-the-job training for the Phase II report. This section will, therefore, touch on the other types of training in lesser detail.

Classroom Training

Occupational skills training in the classroom setting is the principal training format for one-half of SDAs in the sample. Notwithstanding the growing popularity of OJT and job search, classroom skill training is still the backbone of service delivery. The screening of clients as alluded to above has as its major purpose the selection of those who can successfully complete this type of training. As noted in Chapter 3, in several SDAs there was explicit "creaming" for those with high school diplomas and/or previous work experience.

The content of training courses varied widely, with over a hundred occupations represented across the 40 SDAs. However, there was a cluster of skills/occupations which occurred in many SDAs. The listing of those in which at least five different SDAs offered training follows, with the numbers of SDAs which offered that type of training.

Skill/Occupation	Number of SDAs
Clerical Skills	17
Word Processing/Computer	13
Nurse's Aide	12
Food Service	12
Auto Mechanics	10
Secretarial	9
Welding	9
Truck Driver	8
Cashier/Retail Sales	8
Building/Grounds Maintenance	8
Cooks	8
Custodial/Housekeeping	7
Telephone/Cable/Interconnect Installer	7
LPN	6
Autobody Repair	6
Computer Data Entry	6
Bookkeeping	6
Home Health Aide	5
General Business	5
Administrative/Office Systems	5
Office Technology	5

Notable is the preponderance of clerical skills training. The two most frequent courses of study are clerical skills (17 SDAs) and word processing (13 SDAs) with secretarial training slightly less favored than those (9 SDAs). Three other clerical skills training courses were offered in five SDAs each -- general business, administrative/office systems, and office technology. Several other clerical occupations were included, mostly ones of low skill level -- cashier, bookkeeper, computer data entry, and general business.

Several service occupations of relatively low skill levels were popular -- nurse's aides (12 SDAs), food service (12 SDAs), custodial/housekeeping, and home health aide. Training for moderately skilled occupations was offered in numerous SDAs -- building maintenance, cook, and LPN.

The five remaining popular skills are in the craft or operative group. One is a short training course for truck drivers. The other four are moderately skilled -- automobile mechanic, automobile repair, welding, and installer of telephone, cable and interconnect systems.

In addition to these most popular skills, a multitude of others are offered which are mostly craft, clerical, or service occupations. A few semi-professional/technical skills, other than those in the above list, occurred. Among the other craft skills offered were various construction skills such as carpentry, drywall installation, and roofing; general repair occupations including copying machines, appliances, electronics, and furniture; mechanics including heating and cooling, structural, and plant equipment; and a few factory assembly training courses including electronic, structural, and transferable production assembly; and needle trades training. In one SDA each, training was given for a few highly skilled craft occupations such as machinist and engraver.

Training was offered in these additional clerical/sales skills in fewer than five SDAs: stenography, bank account processor, CRT/data processing, credit investigation, bank teller, computer operator, and medical secretary. Additional service training is available in bartending, cosmetology, day/child care, landscaping, security guard, hospitality, and as waitress/waiter. A few higher skill technician courses were offered in such skills as medical-diagnostic technician, pharmacy technician, reprographics, court investigator, electro-cardiographic technician, and programmer/analyst.

The data collection effort did not extend to counting actual enrollment for every skill/occupation nor was it always possible to distinguish class-sized training opportunities from "individual referral" slots. In addition, this accounting understates the magnitude of the most popular courses since we could not count how many different service providers offer a given course within an SDA, nor could we count how many course cycles are offered per year. For example, in an SDA offering "clerical skills" training three different service providers provided the training and they each offered three cycles annually with about 20 participants in each. In contrast, some of the higher skills, such as electrocardiograph technician, were enrolled through individual referral slots. For the popular training activities listed above in the table, the numbers of participants would be large, whereas the infrequently occurring skills may enroll an individual in a class on a slot basis.

The variability in duration of training ranges from a low of two weeks to a maximum of two years in full-time college. The duration of JTPA-sponsored classroom training falls into several modal points -- 10 to 12 weeks, 15 weeks, 18-20 weeks, and 26 weeks (or roughly 3 to 6 months). The minimum scheduled time for classroom training in at least half of SDAs was even lower, only two to six weeks. By heroic estimation, the specific vocational preparation (SVP) score for JTPA training is concentrated at "3" and "4" on the 8-points scale[6] or equivalent to "over 30 days up to and including 3 months" and "over 3 months up to and including 6 months."

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[6] U.S. Department of Labor, Dictionary of Occupational Titles.

Referrals to vocational-technical schools, community colleges, and even universities has enabled a small group of JTPA participants to earn credit toward an associate's or bachelor's degree. Two SDAs were heavily committed to degree programs -- in one, half of enrollees were in degree programs. These usually were on the individual referral basis and not a JTPA-sponsored course. One SDA issues tuition vouchers. These opportunities are relatively rare, however; the typical trainee spends a few weeks or months in an SDA-sponsored class and then seeks immediate employment.

The JTPA classroom training is provided by the following kinds of organizations: vo-tech schools, public schools, community colleges, colleges and universities, community-based organizations, skill centers, rehabilitation agencies, employment services, proprietary schools, for-profit organizations, and unions. The types used most often by SDAs as service providers are CBOs, vocational-technical schools, community colleges, for-profit organizations, and proprietary schools. In several cities, CBOs deliver almost all of the classroom training and at the other extreme, in a few SDAs, all the classroom training is provided by various levels of schools, both public and private. Usually a mixture of CBOs, public schools of various levels, and/or for-profit schools and companies deliver the classroom training service.

The choice of service providers may reflect an overall strategy of the SDA. Among those SDAs whose program thrust is most clearly identifiable as oriented toward participants, CBOs usually provide some or all of the classroom training as they had under CETA and classroom training is often the most prevelant training format. Training customized to employers or industries, in contrast, is provided by for-profit companies and generally signifies an SDA with a greater thrust toward serving employers and/or toward economic development. Several Associates report that in SDAs where these two orientations are foremost, greater care is taken to select growth skills and occupations in which to offer classroom skill training. Promotion of economic development is fostered in these SDAs by providing the training which is needed in new and expanding businesses. In one SDA, customized training and hiring of JTPA participants is marketed by the city to developers receiving Federal funds such as Community Development Block Grants. As these instances show, the notion that an SDA heavily committed to skills training is necessarily oriented primarily to clients is not borne out.

On-the-Job Training

Emphasis on OJT above other training formats, likewise, does not necessarily mean that an SDA is primarily oriented toward serving employers. Of the three SDAs in which a majority of enrollments were in OJT, two were decidedly oriented toward participants, one even being described as a continuation of CETA, and the third divided in emphasis between client service and economic development. In other SDAs where OJT accounts for a significantly higher than average proportion of enrollees, the program has no single emphasis. Service to employers is uppermost with a few SDAs which allow employers wide latitude to refer and select their own OJT participants. OJT serves as a marketing tool in another SDA to secure business support for the entire JTPA program. But an SDA with an orientation toward employers and strong reliance on OJT is not predisposed to extend this to economic development activities. Still another angle to the OJT emphasis is the SDA which placed a sizeable minority of enrollees in public-sector OJT -- the staff of the SDA is strongly committed to a client orientation, but the PIC holds it back from increasing public-sector OJT. Exemplifying an SDA with an economic development thrust and secondarily a client orientation, is this last OJT example:

> Given this strong employer orientation, it is surprising how well the economically disadvantaged have fared under the program [getting jobs]. . . The crunch between an employer orientation and a client orientation may become more significant when the State's cyclical economy next turns downward.

Basic Education

Enrollees in basic education are usually improving basic educational skills, working toward the GED or non-native-English speakers learning English. Several SDAs use basic education as a precursor to classroom skill training. In the only SDA in which basic education comprises the majority of enrollments, the JTPA emphasis is exclusively geared to general assistance recipients. A similar client orientation motivates a few other SDAs in which more than token enrollments are in basic education as the following quote illustrates:

> . . . the clearest indication of a stronger service-to-clients thrust is the addition of a remedial education/basic skills component to the PY85 program, the rationale being that too many applicants are sitting in the pool too long.

Basic skills training may be offered with 8 percent or State funds and may not necessarily show up in the enrollment distribution presented earlier. Further, where basic education is offered as an adjunct to another major activity, the SDA will not always have included it as a separate program activity. Thus, the actual level is probably higher than that reported earlier. Of interest, a number of SDAs are moving toward computer-assisted basic education and have financed this with 8 percent funds.

Work Experience

The decreased emphasis on using work experience as a program activity under JTPA is reflected in its total absence in ten SDAs. In no SDA is work experience the major or second largest activity as measured by enrollment. Some SDAs only use it reluctantly if at all, having abandoned their opposition in order to serve more youth. A type of work experience, youth entry employment experience or tryout employment permits a maximum of 250 hours of paid employment by participants. Work experience is provided more often to youth than to adults.

Job Search

As a separate JTPA activity, all but one-sixth of the SDA in the sample had an identifiable job search activity. These varied in duration from 3 to 4 days up to several weeks, with two weeks the modal time. In some SDAs, job search is part of some other activity and may not show up in the enrollment by program activity distribution. The three entities which most often provided job search were CBOs, the Employment Service, or the SDA staff.

The content and format of the job search/clubs vary, but the three following quoted descriptions capture the essential variety.

> Job search days are organized by counselors. Announcements are made and interested individuals show up at the appropriate county courthouse, spend a day being told how to interview, calling potential employers and learning about sources of job information.

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> Job search also has varied activities, depending largely on the participant's needs. Those who have been out of the job market for long periods typically need a full program consisting of a three-hour video and live presentation on job seeking skills, three days of testing, evaluations, and workshops, and a two-week job club (one week of classes and a week of full-time job search). These activities are all provided by Employment Service staff, including one full-time person running the job club.

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> The job search component typically lasts two weeks (three-week sessions have been used) and runs seven hours a day. A sequence of lectures, group discussions, and individual work sessions are used to help participants appraise where they fit into the job market, determine what their marketable strengths are, practice interviewing and develop resumes and other self-presentation materials. In the combined job club/World-of-Work version, participants spend three days on the phone banks contacting employers and arranging interviews. In the job club-only version, participants spend seven to eight days in the phone room and take less time for vocational exploration.

A few SDAs use job search activities as the final activity for participants and, thus, it serves as a holding status for some who have completed classroom training and are looking for jobs. As mentioned earlier, this helps develop "positive terminations" and allows a longer searching period before "negative terminations" have to be registered.

A pattern which emphasizes OJT and job search and de-emphasizes classroom skill training was found in a few SDAs. The overall program thrust in these SDAs has been described by the Associates as usually oriented towards employers' needs. An example of such an SDA is quoted:

> The main service activity of the program is to 'package' participants, i.e., to provide enough counseling and guidance for participants to look "ok" to employers, and to add on OJT and tryout monies to provide an incentive for employers to hire. Participation is short and needs-based payments are minimal. These two factors work hand in hand to focus service on a short-term, placement-oriented intervention.

Even in SDAs in which a separate job search activity was not registered, this "training" occurs in various ways -- as part of the service providers' orientation to their training, as an element in job readiness or employment-preparation training, or as a function of the SDA's counseling staff. Whenever job searching occurs, it is a relatively short-term activity and one that shifts the overall distribution of training time for participants downward.

6.5 Training Directed Toward the Hard-to-Serve

The previous chapter discussed the client population enrolled in JTPA. Here our concern is with the programming developed for clientele who may be expected to need special treatment. In this connection, youth service is dealt with a greater detail in Chapter 7.

Of the 40 sample SDAs, six provide no special programs for the hard-to-serve and four others do not devote any of their Title IIA (78 percent) funds to them. Where SDAs do recognize a hard-to-serve group, it is most often the handicapped. Over half of SDAs (21 out of 38) funded a program for the handicapped with 78 percent funds. Generally adults and youth are not distinguished, but, in a few instances, SDAs targeted either handicapped youths or adults. One statewide SDA reserves all of its classroom training (13 percent of all enrollments) for the handicapped. Another SDA does not specifically define a separate program activity for handicapped participants, but uses work experience for them whenever appropriate.

Most SDAs consider older persons a hard-to-serve group, but they rely on State distributed "3 percent" funds for serving this group rather than earmarking "78 percent" funds for this purpose. Only four SDAs offer older worker training with "78 percent" funding. One Associate observed that "to some extent, a specific effort does exist for older workers, but this is more a function of financing than of an attempt to design a program for older workers."

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Several other SDA-defined hard-to-serve groups were served with programs funded with 78 percent funds. The groups and numbers of SDAs serving them in distinctive components are as follows: displaced homemakers (8 SDAs), limited English speakers/refugees (4 SDAs), offenders/substance abusers (9 SDAs), welfare recipients and single heads of households (4 SDAs), high school dropouts (3 SDAs), and teenage fathers (1 SDA). In addition, two SDAs which have received incentive funds (6 percent) have delineated service in one case to welfare recipients and, in the other, to high school dropouts.

Several Associates offer explanations for the general lack of special service for hard-to-serve groups.

> . . . any adjustment for hard-to-serve participants is left to the subcontractors. With fixed unit cost pricing, there is not much incentive to make special allowances for these groups.
>
> ***
>
> Older worker programs are financed out of the 3 percent money, are small, and have had very low entered employment rates.
>
> ***
>
> There has been an attempt at the SDA level to develop special programs for older workers, but several counties have resisted since it is thought that such efforts would divert resources from current programs which are seen as priority. It was found that the funding available from the set-asides, when distributed among the counties, did not provide sufficient resources to support an adequate program.

The lack of specially designed programs for the hard-to-serve does not necessarily mean that these groups are not being served. For example:

> One of the SDA staff suggested that a major difference from the old CETA days involves the fact that there are no quotas or target groups. Therefore, the tracking system is much less formal. In one report this year, the SDA suggested that 70 percent of those served could qualify as members of one or more hard-to-serve target groups.

The issue is not whether people with identifiable characteristics which are usually called hard-to-serve are being enrolled in JTPA, but whether those among them who cannot function in the mainstream JTPA programs have any service options. The Associates report that in large measure they do not. And apparently even six percent funding is not yet being spent on these groups.

6.6 Follow Up

Designed as a performance-drive system, JTPA incorporates an evaluation of outcomes through the performance standards. However, fully measuring the success of JTPA, evaluating the program, and determining SDA-level changes depend on more refined analysis of program participant data. Our Associates investigated the extent and nature of participant followup by SDAs for the purpose of evaluating their programs. SDAs vary widely in what they are doing or in what they plan to do. As yet few SDAs have any useful followup data, mostly because no system has been implemented at the SDA or State level. Some SDAs and States in fact, are simply ignoring followup altogether.

The variety of followup reported includes three major types -- job retention followup, coordinated State data collection, and SDA-level evaluation research. The standard retention-type followup of participants is conducted by SDAs either on their own or the State's insistence. Only those participants who were employed after the program are followed. The interval for followup varies, typically 30, 60, and 90 days or 13 and 26 weeks. The purpose is to ascertain employment status and wage. In some SDAs, the service providers conduct the followup. This may be required to fulfill the conditions of their performance-based contracts.

Statewide coordinated followup is designed to obtain data for all SDAs within the State on their participants whether they become employed or not. In some States it is being conducted with the universe of participants, and in other States on a sample basis. This work has been contracted out to a university in several States. These data may then be linked with MIS data.

A less frequent kind of evaluation is one in which SDAs relate an analysis of program design to participant data. Outside consultants were being used by a few of SDAs. In other SDAs, more modest in-house efforts are being made to evaluate effectiveness of particular program components. For example, one SDA conducted followup for all classroom training participants; another did followup for OJT and customized training participants only. One SDA that conducted a detailed program evaluation and participant followup for all contractors and programs encountered the following problem, which may discourage other SDAs from undertaking this kind of research:

> Collection and proper interpretation of this data turned out to be an arduous task for this SDA. They were understaffed for such a project, and the resulting findings have had to be used with caution -- since staff who pulled them together really were not properly expert (and therefore not properly reliable) at the task.

In executing the more straightforward task of retention analysis, the results may unfortunately also be flawed. Several Associates described rather lackluster performance. One SDA in which the State required telephone followup, if no response was received to their questionnaire, illustrates the problem:

> The SDA is simply going through the motions on this effort. They anticipated and are getting very few responses to their followup. The feeling is that the State's field monitor will be satisfied because he can report back that they are doing the followup and the state MIS group will be satisfied because it will have a document saying the followup is being conducted.

In the absence of any SDA or State followup of any significance, the valuation of JTPA relies on performance standards and on little else. Useful to the consideration of training mixtures are measures of program success from the JTLS.

Program Outcomes

The kinds and types of training provided are important because they have a substantial effect on the outcomes of the program, which, under JTPA, are the measure of program success. This section examines those outcomes both by program activity and between the transition year and the first nine months of program year 1984, estimated from the Job Training Longitudinal Survey Quick Turnaround data set. Placement rates for terminees in total and by program activity are indicated below for the two time periods.

Program Activity	Entered Employment Rate Among Terminees	
	TY84	PY85 July - March
Classroom training	56	57
On-the-Job training	78	78
Job search assistance	72	77
Work experience	42	43
Other	64	69
Overall	64	67

Placement rates for the 9-month period of the program year are higher than for the transition year. However, more important to this analysis, the placement rates vary substantially by program activity -- from 43 percent for work experience to 78 percent for on-the-job training. Therefore, the shift from work experience to an emphasis on OJT and job search assistance would, in an of itself, improve program outcomes over the prior program. From the transition year to the program year, the distribution of participants by program activity did not shift appreciably and so the difference in the overall entered employment rate is due to the rise in the rates within program activities, particularly the job search assistance and the other categories.

Similarly, the average wages at termination of those participants placed in employment do not change materially from the transition year to the program year period. However, the wages at termination do vary by almost $.50 per hour across the program activities, from $4.22 for work experience to $4.71 for on-the-job training.

Program Activity	Average Hourly Wages at Termination	
	TY84	PY84 (July - March)
Classroom training	$4.60	$4.63
On-the-Job training	4.67	4.71
Job search assistance	4.46	4.56
Work experience	4.06	4.22
Other	4.38	4.41
Overall	$4.53	$4.59

Overall, the entered employment rate for terminees was 64 percent during the transition year and 67 percent for the nine months of the program year. Average wages at termination for the same periods were $4.53 and $4.59, still below the national wage standard of $4.90 per hour.

6.7 Summary

Before one can discuss enrollments in training, placements, etc., in JTPA, it is necessary to define these terms. These terms are defined by the states. Of 40 SDAs in the sample, only six are not subject to standard State terminology for reporting enrollment, termination and placement. All but four of the SDAs in the sample provide some services to clients prior to enrollment in the program. These may include screening, intake, certification, assessment, testing, vocational evaluation, counseling, referral and preparation for job training. Therefore, placement of the person in a training activity is the normal point of enrollment in the program. At the end of training, a participant is considered a placement if he/she obtains an unsubsidized job. Over half the States in the sample specify a maximum period of from two weeks to 90 days, although some SDAs use individual job search as an "activity" after training. Some States exclude temporary, short-term or part-time jobs and other require retention in the job for periods ranging from ten to 160 days.

For the sample as a whole, classroom skill training is the most frequent activity -- 32 percent of all enrollments. On-the-job training is second, accounting for 21 percent of enrollments. Job search accounts for a minimum of 13 percent of enrollments; although in several SDAs, this could not be disaggregated from the "other" category. One-tenth of enrollments were in basic education. Information by program activity was generally unavailable in two of the SDAs.

Among the SDAs in the sample, OJT ranged from 3 to 64 percent of enrollments. A sample of OJT contracts drawn in Phase

II indicated that OJT is, on average, about 12 weeks long, about three weeks shorter than in CETA in FY80. Further, over half the contracts had wage levels below the performance standard wage for the SDA. Thus, with a 78 percent placement rate, OJT is contributing to achievement or the placement rate standard, but not the wage standard.

Classroom training accounts for from 2 to 76 percent of enrollments across the SDAs, with 30 percent being the median. The type of training varied widely across SDAs, however, one-fourth of the SDAs offered the following: clerical, word processing, nurse's aide, food service, and auto mechanics. The duration of training ranges from two weeks to a maximum of two years of college. JTPA-sponsored training is usually from 30 days to 6 months. Most skilled and longer-term training is slot purchase or tuition payment in vocational technical schools and community colleges.

Basic education is not offered by 13 SDAs and among those offering it, basic education generally accounts for less than 20 percent of enrollments. One-fourth of the SDAs do not offer work experience and, where offered, does not exceed 22 percent of enrollments. Where it is used it is often reserved for youth.

Short-term job search or job clubs is the third most frequent activity in JTPA. One-fourth of the SDAs either do not offer it as a separate activity (7) or do not differentiate it from other pre-employment activities (3). Where it is offered, it varies from less than 10 up to 37 percent of enrollments.

Six SDAs have no programs for hard-to-serve groups and another four do not devote any of their 78 percent formula funds to them. Where programs for the hard-to-serve groups are available, they are most often (21 of 38 SDAs) for the handicapped. Only four SDAs offer training for older workers with other than 3 percent set-aside funds.

Few SDAs have any followup data on participants, mostly because no system has been implemented for collecting the information. Some States collect followup information on a universe or sample basis, usually only for participants who are placed at termination and for periods of 30 days to 6 months. This information is not of good quality. Where effective followup is done, it is by service providers under performance based contracts that involve payment based on retention in the job.

7. YOUTH IMPLEMENTATION ISSUES

One of the unique aspects of JTPA is that it contains provisions that direct States and Service Delivery Areas (SDAs) to focus specific attention on the employment and training of disadvantaged youths, who are defined as the income-disadvantaged individuals under the age of 22. The act gives States and SDAs the freedom to identify specific subgroups of youths as target groups if they wish.

A variety of specific youth-related issues may be identified. For example, the Federal legislation requires States to expend 40 percent of their Title IIA funds not subject to set-aside on youth. This requirement is then passed on by States to their SDAs, with States having the option of adjusting the requirement in each SDA to account for differences in the incidence of disadvantaged youths in the local population and other factors. The Federal legislation also sets aside 6 percent of a State's Title IIA allocation for use as incentive awards to SDAs, based on their performance on a variety of measures. Three of the seven performance measures included in the legislation relate to youth. The act gives States the authority to modify or add to these three youth performance standards, and to establish the procedure for awarding incentive funds to SDAs. In addition, the act allows SDAs to establish "youth competencies" that can be used as an indicator of program success for youth participants. However, the act requires that the youth competencies developed by SDAs be reviewed and approved by their Private Industry Council (PIC).

Some of these issues were reported on in Phase II of this study. In Phase III, Associates were asked to report on the development of these and other youth-related requirements at both the State and the SDA level. This chapter presents a summary and analysis of the Associates' findings, and updates the information on youth issues presented in the Phase II report.

7.1 Youth Targeting

The JTPA legislation requires SDAs to serve large numbers of disadvantaged youths. However, States and/or SDAs are free to identify youths in general or specific subcategories of youths for service. Selection of target groups is important because variation between States and SDAs in youth target groups identified for service reflects differences in the emphasis placed on youth in general as a target group as well as differences in perceptions between States and SDAs regarding the types of youth most in need of service.

In the Phase II report, more than half of the States (13) surveyed identified specific groups for service in their 2-year plans, and most of these further identified one or more specific subgroups of youth. By far the most common subgroup identified was the high school dropout. Other subgroups identified for service were high school seniors, teenaged parents, and unemployed or underemployed youth.

In Phase III, Associates were asked to report on youth targeting at both the State and the SDA level. At the State level, only one-fourth of the States did no targeting beyond that in the law. In States that did set additional target groups, there was substantial variation between States, however, in the subcategories of youth identified for service. These included: adolescent parents, troubled youth, dropouts, high school students, high school graduates, minority youth, and youth heads of households. Again, the most frequently identified subcategory identified was high school dropouts (one-fourth of the States).

In most cases, the State-level youth targeting is formal -- SDAs are expected to document that the level of service to these groups is at or above the prescribed levels. In a few cases, however, additional State youth target groups appear to be relatively informal. As one Associate writes:

> The [State plan] contains rhetoric on the targeting of Title IIA funds on "those individuals dependent on local, State and Federal assistance programs;" specifically mentioned as examples are adolescent parents, offenders, female heads-of-households, handicapped, and troubled youth. However, formal targeting only applies to the usual significant segments, and this has not changed over time.

In some cases, the State will identify special target groups to be served, but will not specify the extent to which they must be served. According to one Associate:

> The recently prepared [State plan] for PY85 indicates no change in the three groups being targeted, that is, welfare recipients, disadvantaged youth and dislocated workers. This targeting appears to be little more than a statement of general policy. They do not come with any quantitative directions. Hard-to-serve groups are specified in the plan where a portion of the incentive money is directed at them. It is pretty vague and general.

Finally, one State established target youth subcategories in two ways, first by informally establishing "youth" as one of several "significant segments," and second by establishing service to youth subcategories as a precondition for the receipt of incentive funds.

At the SDA level, SDAs have the option of naming categories of youth, as target groups in their plans. In Phase III, 70 percent of the SDAs simply repeated the State-mandated target in their own plan. In other cases, SDAs will name their own youth target groups. Of the SDAs that set specific target groups for special service, the most important by far was once again the high school dropout, which was named 90 percent of the time. The major reason for the emphasis on the high school dropout appears to be that SDAs see this group as best capturing, in a single category, the generically hard-to-serve youth. However, while many SDAs are presumably making a special effort to serve high school dropouts, they are not necessarily serving them in large numbers. As one Associate writes:

> This SDA is working under a PY84-85 Program Implementation Plan which was adopted during the spring of 1984. The program target groups have consequently not changed during that time. To recapitulate briefly, the target groups are:

Youth	41%	Older Workers	5%
Welfare Recipients	18%	Handicapped Individuals	5%
Dropouts	18%	Veterans	5%

> . . . One interviewee noted the relative difficulty of serving high school dropouts in JTPA. According to him, some 75 percent of economically disadvantaged persons in the SDA are dropouts, but the PIC-adopted target is only 18 percent. The dropouts can be very hard to reach, and many of them show little interest in getting back into programs.

The other subcategory of youth singled out by SDAs as a special target group was handicapped youth.

In addition, one Associate noted that his SDA had not formally added any special target groups in its plan, but was nevertheless emphasizing service to youth. Another indicated that his SDA had not named youth as a special target group for the 1984 program year but expected to for the 1985 program year.

7.2 The Youth Expenditure Requirement

The Federal JTPA legislation establishes a benchmark level of youth expenditure of 40 percent of a State's total training expenditures. The 40 percent youth expenditure requirement may be modified between SDAs within the State to account for demographic variations between SDAs, and may be further adjusted for a variety of other factors such as productivity increases.

In the Phase II report, it was noted that a substantial proportion of the SDAs surveyed were having a difficult time meeting their State-adjusted youth expenditure requirement. The most important reasons cited for this failure were threefold. First, limits on supportive services, which restrict both the availability of stipends and the size of work experience programs, made serving large numbers of youth difficult. Second, some SDAs did not take the youth expenditure requirement seriously, believing that there would be no State-imposed penalty for not achieving their youth expenditure requirement. Third, a large number of SDAs had not established a special service mix for youth. This last factor appears to have been most important in explaining the failure of some SDAs to achieve their youth expenditure requirement. As reported in Phase II, of those SDAs with special programs for youths, 90 percent expected to achieve their youth expenditure requirement, while for those SDAs without a special youth service mix, only 12 percent expected to achieve their youth expenditure requirement. Interestingly, the Phase II report also noted that the existence of special recruiting or administrative procedures for youth were neither a necessary nor a sufficient condition for an SDA to successfully achieve its youth expenditure requirement. Below we present an update from the Phase III State and SDA reports on a variety of issues relating to the youth expenditure requirement.

State-Level Activities

The Federal JTPA legislation allows States to adjust the 40 percent youth expenditure requirement between SDAs to allow for variation in their demographic composition. The State may also grant waivers to SDAs who petition for further reductions in their youth expenditure requirements, and may adopt different methodologies for calculating youth expenditure requirements for SDAs. Of the States sampled in Phase III, 88 percent adjusted the youth expenditure requirement SDA-by-SDA, while only 12 percent did not. All of the States that adjusted the youth expenditure requirement did so on the basis of demographic variables relating to the incidence of economically disadvantaged youth among the SDAs. In addition, 50 percent further adjusted for variations in the college student population.

In Phase II, States played virtually no role in aiding those SDAs that had trouble achieving their mandated levels of youth expenditure. Most were sympathetic, but felt that there was very little they could do to help. In Phase III, however, States appear to be playing a somewhat more active role in dealing with SDA problems caused by the youth expenditure requirement. For example, in response to SDA pressure several States changed their methodology for calculating the youth expenditure requirement to aid SDAs with very high required levels of youth expenditure. As one Associate notes:

> At the end of TY84 [over half of the SDAs in this State] had failed to meet their adjusted youth expenditure requirement. . . . As a result of this rather dismal performance the State took two actions. First, SDAs were allowed to fold their unspent youth money into their PY84 budgets, so that they in effect

> have a new 21-month youth expenditure requirement ending at the end of PY84. Second, the State recalculated the youth expenditure requirement for all SDAs using the National Governors Association (NGA) methodology (which adjusts for the number of economically disadvantaged youth). The use of this methodology reduced the youth expenditure requirement for most, but not all, SDAs.

In addition, a few Associates indicated that their States were trying to be innovative in dealing with problems caused by the youth expenditure requirement. One State, for example, has reacted to low youth expenditure levels by adopting a budget allocation process that separates adult and youth programs. As the Associate reporting on this State writes:

> They were nervous about [problems with the youth expenditure requirement] coming out of the TY, since the State ended up slightly below 30 percent. The solution turned out to be fairly easy: they gave the regions their PY84 allocations in separate youth and adult pots, both subject to the State's performance standard requiring an 85 percent expenditure rate, and suddenly the youth numbers went sky high.

Finally, a few States are unsympathetic with SDAs that are having trouble making their youth expenditure requirements. According to one Associate:

> In the transition year, four of nine SDAs did not meet the requirement, but now only two are continuing to have problems meeting the requirement. These SDAs and others are still trying to get the State to modify the standard, but there seems to be little chance of that happening. State staff are critical of the SDAs and argue that they are developing no initiatives and are not attempting to develop innovative programs to reach youth. They are "using the same old in-class ideas." State staff are putting together demonstration programs to show SDAs what can be done. Also the State believes that SDAs are not using their MISs to provide up-to-date information to allow them to adjust their programs. For example, if they found they were only 33 percent for youth, they could adjust and only take

youth for the next month or so. A number of SDA Directors feel there is some justification for this complaint, but that State staff have an overly simplistic view of how easy it is to control intake and find eligible youth.

SDA-Level Activities

State-level adjustments in the youth expenditure requirement resulted in a wide range of values for the youth expenditure requirement among the SDAs. The range and distribution of adjusted youth expenditure requirements for Phase III are presented below. For purposes of comparison, the same information from the Phase II report is also displayed.

Adjusted Youth Expenditure Requirement	Percent of SDAs Phase II	Percent of SDAs Phase III
Less than 35 percent	23	20
35 - 39.9 percent	26	20
40 percent	27	18
40.1 - 45 percent	12	30
Greater than 45 percent	12	13
Range	26 - 52	27 - 47

Relative to the Phase II youth expenditure requirements, the Phase III requirements show a slightly smaller range and a distribution that is decidedly skewed toward the higher values. This change in the distribution of youth expenditure requirements is explained by a change initiated by several States in the methodology used to adjust the requirement between SDAs. These changes have the effect of decreasing the youth expenditure requirement for SDAs at the very high end of the distribution, but increase the youth expenditure requirement for those at the low end of the distribution.

Of the 40 SDAs sampled in Phase III, 73 percent indicated that they expected to make their youth expenditure requirement for the 1984 program year, while 27 percent indicated they most likely would not. These forecasted outcomes are slightly better than those reported in Phase II for the transition year, where the respective proportions were 63 percent and 37 percent, respectively. Interestingly, the size of the youth expenditure requirement per se does not appear to be a good indicator of success in meeting the requirement. Of those SDAs with adjusted youth expenditure requirements of less than 40 percent, 50 percent indicated they would make the requirement, while for those SDAs with youth expenditure requirements of 40 percent or more, 79 percent indicated they would successfully meet the requirement.

If the size of the youth expenditure requirement is not an important determinant of the ability of an SDA to successfully achieve its requirement, then what is? In Phase II, the clear answer was service mix.

The Federal JTPA legislation allows SDAs the discretion of establishing a special service mix for youth. These "exemplary youth programs" may involve basic education, pre-employment skills training, school-to-work transition programs or "entry employment experience" programs. This last category may further be divided into work experience, where, in general, youths are offered a maximum of 500 hours of employment experience in public sector agencies, and tryout employment, where youths are offered a maximum of 250 hours of private-sector employment. Where employment is with public-sector agencies, training costs are charged against an SDAs 30 percent administrative and supportive services allotment.

In Phase II, where special programs for youth were established, SDAs by and large predicted success in meeting or exceeding their adjusted youth expenditure level. The most commonly established programs for youth were tryout employment, work experience and employment competency programs. Conversely, when special programs such as tryout employment or a large work experience component were not in place, SDAs generally predicted failure.

In Phase III, service mix once again appears to be an important determinant of the SDA's success in meeting its youth expenditure requirement, with some interesting variations. Of those SDAs that indicated that they expected to make their youth expenditure requirements for the 1984 program year, 55 percent attributed this expected success to the establishment of large special programs for youth, typically work experience, tryout employment, or a combination of both. As one Associate writes:

> . . .the SDA initially planned to serve youth primarily through OJT and occupational classroom training. Fifty-five percent of youth were planned to be served through OJT, but in actuality only 21.8 percent were so served or trained. The experience has been that youth are difficult to serve through OJT and the SDA was not able to meet its youth expenditure requirement with that emphasis. During PY84, emphasis was changed away from OJT and classroom occupational training with much greater emphasis based upon preemployment skills, generic training, work experience and youth tryout employment. Again, this change was made in order to increase expenditures on youth.

The success of another 20 percent of those SDAs that expected to meet their youth expenditure requirements is attributable to innovative administrative procedures for handling the requirement. This involved either establishing separate budgets for the adult and youth programs or, most often, establishing separate RFPs for the two programs. As one Associate reporting on an SDA using the latter strategy writes:

> The SDA is notable in that it is virtually the only one in the State that has had no difficulty in meeting its youth service requirements. Each project proposal submitted to the PIC for consideration must specify the target groups which the service provider proposes to serve in that particular project; a review of proposals approved for funding during PY85 indicates that projects approved for funding stipulated service to youth ranging from 40 to 55 percent. Service providers are doing their own intake and must recruit youth participants in order to meet the terms of their contracts.

Another Associate reports a similar procedure:

> This SDA has the unadjusted 40 percent youth expenditure requirement as set out in the act. There has never been a problem meeting the 40 percent requirement in this SDA so no adjustment has been contemplated. The main reason for its success in meeting the youth 40 percent requirement is that, from the beginning of JTPA, this SDA has used separate subcontractors for youth and for adult particpants. Thus, when RFPs are written and contracts are let, 40 percent of the spending is simply targeted to youth programs. Since the youth programs are less expensive per participant, more than 40 percent of the participants are youth.

Finally, the remaining one-fourth of SDAs that predicted success in making their youth expenditure requirements had neither large special programs for youth nor any special administrative procedures for dealing with the youth expenditure requirement. It should be noted, however, that in two of these cases the SDAs adjusted youth expenditure requirement was quite low, i.e., 30 percent or less.

At the same time, it is interesting that of the SDAs reporting that they would most likely not make their youth expenditure requirements, 75 percent had special programs for youth, once again primarily either work experience and/or tryout employment. In all of these cases, however, the youth programs were either too small or were initiated too late in the program year to help the SDA. As one Associate notes:

> The corrective action plan developed by the SDA to meet the youth requirement has been in effect for five months with no discernible effect. This plan is based upon developing viable OJT, limited work experience, and classroom training for youth. A sufficient effort has simply not been made with limited work experience which is still a very minor effort and the SDA has learned that simply channeling youth into classroom training and OJT slots is not working. In particular, employers are not willing to hire youth for OJT positions when adults are available. Similarly, the training programs have been devised primarily for adults and no special efforts under Title IIA have been funded for youth. I think it is fair to say that the SDAs effort in this area has been inadequate. I might add that even though the State staff has provided technical assistance and applied pressure to the PIC, the PIC does not seem overly concerned about failing to meet the expenditure requirements. It seems more interested in OJT than in developing programs for youth.

7.3 Issues Involving Youth Performance Standards

The Federal JTPA legislation establishes seven performance measures, four for adults and three for youth, to be used by States for purposes of awarding incentive grants to SDAs. In addition, the U.S. Department of Labor provides a model regression formula which States may use, with or without modification, to calculate performance standards. This section examines a variety of issues relating to youth performance measures and standards at both the State and the SDA level.

At the State level, virtually all of the States surveyed (90 percent) stayed strictly with the three youth performance measures established in the Federal legislation. These are the youth entered employment rate, the youth positive termination rate, and the youth cost per positive termination. For those 10 percent of the States that offered some variation, all added to the basic three in some way. One Associate, for example, reporting on a State that added service level requirements as a condition for the receipt of incentive funds, writes:

> [This State] used DOL model-adjusted values in both PY84 and PY85 without any further adjustment. The State added three measures beyond the seven measures in the Secretary's model. Specifically, the State stipulated that the three required target groups of enrollees, namely, youth, AFDC recipients, and high school dropouts, be considered and treated as performance standards against which decisions concerning the distribution of 6 percent Incentive Grant funds for the two program years were to be made.

Similarly, another Associate reports on a State that established minimum service levels to school dropouts, as one of six groups, as a necessary condition for the receipt of incentive funds:

> In [this State] an SDA can qualify for two types of incentive funds -- one based on DOL performance standards and one based on service to target groups: females, minorities, handicapped, public assistance recipients, school dropouts and AFDC recipients who are in, or eligible for, work incentive programs. . . . The required performance levels for serving target groups are SDA-specific, developed by the State using standard estimating procedures and communicated to SDAs in planning instructions. . . . This State not only added a set of target group service levels, it also set minimum performance levels required to qualify for receipt of funds. This means that a reasonable record of service to target groups is required before even being eligible to receive funds for good performance in meeting DOL standards.

While only a few States added to the list of youth performance measures, many more made adjustments to one or more of the youth performance standards. In our sample, 60 percent of the States calculated youth performance standards through a straightforward application of the U.S. Department of Labor regression formula with no further adjustments. The remaining 40 percent either added to the list of performance measures, as discussed above, or modified the standard for one or more of the three youth performance measures. When the latter action was taken it was typically done at the request of one or more SDAs in the State to reduce the difficulty of the particular youth standard or standards in question. Three States, for example, reduced the youth positive termination rate and/or increased the youth cost per positive termination standard, both of which make it easier for SDAs to achieve minimally acceptable performance levels. As one Associate writes:

> The State used the DOL model adjusted values. In May 1985 . . . it made two adjustments for all SDAs. First, it adopted the full "tolerance" adjustment for every standard. Second, it further adjusted two youth standards by 20 percent, allegedly because no SDAs were ready yet to have youth competencies certified, and treated as positive terminations. This "competency adjustment" was applied to the youth positive termination rate and the youth cost per positive termination.

Another State offered an innovative performance standard adjustment for youth who participate in mixed adult/youth programs. The Associate reporting on this State writes:

> [This State] has been committed as a matter of Council and Governor's policy to the DOL national adjustment methodology since the beginning of implementation for at least the first two full program years. . . . [One change made by the State] responds to the problem of youth participation in adult programs (e.g. . . ., not youth oriented programs) and the subsequent effect on youth performance standards. . . . The modification

result is to weight youth in mixed adult-youth programs with youth in youth programs to reach new youth performance standards. The effect is to reduce the youth positive termination standard and raise the youth cost per termination.

Youth Competency Issues

As reported in Phase II, about 80 percent of the sample States anticipated problems in meeting one or more of their youth standards. The youth positive termination rate standard appeared to be especially vexing. The major explanation for these problems was that "youth competencies," which by law may be established by SDAs and used as positive termination measures, were generally not in place. Youth competencies are goals other than placement established by the PICs as positive outcomes for youth. Since the time of the Phase II report, there has been a great deal of activity at both the State and the SDA levels regarding the establishment and use of youth competencies. As of the time of the Phase III report, 85 percent of the States sampled had ongoing youth competencies to measure youth positive terminations, while in the remaining 15 percent a system of youth competencies was still being developed.

Of the States having ongoing youth competency systems, a substantial variance was observed in the processes used in their establishment. While the Federal JTPA legislation gives SDAs the authority to develop youth competencies, it also calls for review and approval by the State. As a result, States have a considerable amount of latitude regarding the extent to which they may become involved in the process of establishing youth competencies. In States with operational youth competency systems, three distinct patterns of State-level involvement emerged. First, some States (25 percent) took a very active role in the establishment of youth competencies. In these cases, the State (usually with input from SDAs) would establish a system of youth competencies which SDAs are then obliged to adopt. In some cases, this resulted in very rigorous youth competency standards, as one Associate notes:

> . . . the [State] established a group to develop a technical model of pre-employment skills. The model sets out skill standards in four areas: career decisionmaking, job getting, life-work management, and work maturity. . . . If a youth passes all four competencies, he/she will be regarded as a positive termination. Currently, about 8 percent of the positive terminations among youth in the SDAs are composed of persons who completed these competencies. A difficulty has been that many young people fail to stay with the program because of a lack of support funds. Paradoxically, it apparently is "easier" and more cost-effective to move youth into employment than it is to certify them as "competent" under the rigorous model used in the State.

Other States adopted a more passive role in the establishment of youth competencies. In these cases, States, invariably with SDA input, would establish guidelines for youth competencies which SDAs could then use to develop their own. This approach, which leaves individual SDAs with a considerable amount of latitude in the establishment of youth competencies, was embraced by about 55 percent of the States with established youth competency systems. A typical response from an Associate reporting on a State of this type was:

> The State Council in May 1984 adopted a policy prescribing the criteria for an adequate Youth Competency system and the procedural steps for the development of a Youth Competency system. Briefly, local PICs must notify the Governor of their intent to develop a Youth Competency system. They must identify the specific competencies which are necessary for entry into the local labor market, and develop statements identifying minimum acceptable levels of proficiency for each to be taught and how these will be measured.

One of the factors that States appeared to be most concerned with in establishing youth competency guidelines was the measurement of youth competencies. Often they appeared to be more concerned with the measurement of youth competencies than with the measures themselves. As one Associate notes:

> In explaining the State's role in the establishment of youth competencies, what was stressed was that the State is not interested in the specific skills upon which competency is to be based, but rather on the documentation of those skills. Thus, positive terminations based on the attainment of youth competencies must involve more than program participation per se. What this appears to boil down to is pre- and post-training testing. . . . Here the problem arises, since these involve expertise not at the immediate disposal of SDAs. Early in PY84, the State provided regional workshops for SDAs to help them develop pre- and post-testing packages, and they are slowly being developed and implemented.

Finally, 20 percent of the States with ongoing youth competency systems took an extremely passive role in their implementation. In these few cases, the States will review and approve the youth competencies established by PICs but provide no input into their development.

At the SDA level, two-thirds of the SDAs sampled had ongoing youth competency systems, while one-third did not. Of those that had youth competencies in place, four-fifths had adopted some variant of the four youth competency measures suggested by the U.S. Department of Labor. These four include: pre-employment skills, work maturity skills, basic education skills, and job specific skills. One SDA adopted two of these four measures and added "life coping skills" as a third, while another added "job keeping skills" to three of the basic four. Youth competencies are measured by absolute tests, supervisor or trainer/counselor evaluation and/or pre-post testing. To provide the reader with a feel for what these youth competencies are and how they are measured, several examples have been provided in the appendix to this chapter.

As an example of the process by which SDAs established youth competencies and the potential State/SDA conflict that can arise, consider the following report from one Associate:

> The [State] Job Training Division has reviewed [this SDA's] youth competency plan and has made suggestions for changes. But differences in philosophy between the State and PIC have stymied the go-ahead for the basic educational skills competency program which is on indefinite hold. For the pre-employment and work maturity program the State and PIC disagree as to whether all competencies have to be measured in an academic fashion or whether, as the PIC wants for some items, "satisfactory rating of supervisors" can be used to measure attainment of competence. The PIC's position is that this better reflects the real work world, unlike the academic measurement scheme.

The remaining one-fifth of SDAs with youth competencies in place adopted markedly different youth competency measures from those suggested by the Department of Labor. One SDA established a 45-item "Career Development Objectives Test" that youth participants must pass to achieve a positive termination. Another SDA, working with the local school district, developed a list of ten youth competencies which are applied in different combinations to each of the SDA's youth projects. Still another SDA established a list of youth competencies and allows its youth contractors to choose which of the competencies it wishes to attempt to achieve. As the Associate reporting on this SDA notes:

> . . . each subcontractor defines the competencies that it wants to achieve in its proposal. A wide variation exists between subcontractors. . . . The decision to allow subcontractors to define their own competencies was intentional. The State wanted the PIC to establish the competencies for all contractors. The PIC and the staff have decided that they cannot and will not dictate program outcomes to the subcontractors. They leave the decision up to each program's "expert" staff.

Of those SDAs without operational youth competency systems in place, slightly more than three-fourths wanted a system but were late in their development and implementation. In a very few cases, SDAs simply did not want to use youth competencies as grounds for positive terminations, emphasizing the goal of placement over youth competencies. As one Associate, reporting on an SDA with this philosophy, writes:

> The PIC formed a committee to look into the youth competency issue. [This SDA] does not fund any in-school youth programs; therefore, the youth program is a placement-oriented program. The committee decided, and recommended to the PIC, that it not adopt any youth competencies. The purpose of this recommendation is to emphasize the placement objective of the youth program. The committee felt that any competency-based positive termination would take the pressure off of grantees to place the participants. The PIC accepted the recommendation and [this SDA] will not have any competency standards or system for youth.

7.4 State and SDA Relations Over Youth Issues

It was reported in the Phase II study that there were no youth issues that were the source of friction between States and SDAs. The major youth issue with a potential for causing friction appeared to be the youth expenditure requirements, which a sizable minority of SDAs were in jeopardy of missing. There were essentially three reasons why the youth expenditure requirements were not a source of friction between States and their SDAs. First, many States had implied that they would be lenient regarding the youth expenditure requirement for the transition year, allowing SDAs, for instance, to fold their unspent transition year dollars into their 1984 program year budget. Second, none of the SDAs that felt they would miss their youth expenditure requirement believed that sanctions would be imposed by their States. Finally, most SDAs felt that the youth expenditure requirement, being a Federal requirement, left the States with little ability to help.

The Phase III report offers new evidence on the extent to which youth issues were the source of friction between States and SDAs. At the State level, youth-related issues were a problem in only a minority of cases, with 65 percent of the States sampled reporting no State/SDA problems involving youth issues. In addition, in almost half of the cases where there was a problem, the Associate reported it to be minor. In one case, for example, an SDA had asked for a reduction in its youth expenditure requirement but the State had failed to respond, while in another, SDAs were opposed to a State-imposed youth target group.

In only a small minority of States (17 percent) were youth-related issues the source of a major conflict between States and SDAs. In two cases, the problem involved youth competencies. In one State, SDAs were unwilling to adopt the State model for youth competencies, while in another, the problem appeared to be political. As the Associate reporting this latter case writes:

> An issue is the local development of employment competency systems by SDAs. One complaint here is that while providing some knowledgeable technical assistance to SDAs the State has failed to appreciate the difficulty and complexity of the technical task. But, the broader issue is the political agenda of the State's education agency, as it uses SDA efforts as a front for the imposition locally of its own competency-based systems. SDA negotiations with local education bureaucracies are overlaid by the State agenda. SDAs feel the State could and should sort this out a bit better at the top.

Finally, one Associate reported that a major problem for State/SDA relations involved the implementation of a youth service mix. Once again, the problem appeared to be political, as the Associate reporting on this SDA describes:

> There has been some controversy between the State Council and local PICs over youth programming and funding local economic development. One SDA was the first to propose use of the youth model programs options. The State Council input was to constrain and limit the models to prevent an end run continuation of work experience and to put some controls on tryout employment. . . . On the State Council the powerful AFL-CIO representative tended to see tryout employment as an end run around the AFL-CIO involvement in all OJTs in the State. The AFL-CIO is paid from 6 percent funds to review the wages and approve the appropriateness of OJT contracts. An additional conflicting factor was that the Job Service was the traditional provider of OJT services and tryout employment would give the youth-serving service providers a 100 percent subsidy option in the OJT area. The Job Service was not eager for this to happen. . . . The effect was to put the service providers and PICs in a bind. The system was saying get out of work experience but don't get into our OJT turf.

The SDA reports confirm both the extent of youth-related State/SDA friction and the specific issues. Once again, the extent appears to be minor, with 80 percent of the SDAs sampled reporting no youth-related issues causing friction between States and SDAs. Of the 20 percent of SDAs which reported youth-related problems, all but one were over either youth competencies or the youth expenditure requirement. Two SDAs complained of a lack of leadership by the State in the establishment of youth competencies, while two more complained of their State's unwillingness to approve their youth competencies. As one Associate writes:

> . . . the approval of the youth competency system has been drawn out and the State does not agree with the design of the basic education skills competency and is withholding approval. The State has been critical of the youth service level, although it is better than in the transition year.

Regarding the youth expenditure requirement, one Associate reported complaints that the State was inflexible regarding the calculation and measurement of the SDAs youth expenditure requirement, while another reported complaints that the State's adjustment methodology was unfair. Finally, one SDA had caused a good deal of friction with its State by not responding to the State exhortations to increase its youth expenditures. As the Associate reporting on this SDA notes:

> The only issue that currently is a problem is the youth expenditure requirement. The SDA simply is not going to meet this requirement and has not yet taken significant steps to spend more on youth. In the fall the State did require the SDA to develop a corrective plan to meet the youth expenditure requirement, but given all the turmoil in appointing new staff, nothing much has been done. The State wants the SDA to do more but it has not done so. This is a continuing problem.

7.5 Summary

In program year 1984, a majority of States elected to establish specific groups of individuals as special target groups. The most frequently mentioned subcategory of youths was high-school dropouts. In most cases, this special targeting was formal, while in a minority of cases the targeting was informal, with no quantitative service requirements. Among SDAs, the most frequently cited category was high school dropouts. While most States and SDAs are making a point of serving disadvantaged youths, there is evidence that, at least in some areas, they are not being served in proportion to their incidence in the population. This is in part due to what many SDAs feel to be inherent (i.e., legislatively imposed) difficulties in serving large numbers of youths.

The youth expenditure requirement was adjusted on an SDA-by-SDA basis by 88 percent of the States sampled. All States adjusted on the basis of demographic variations between SDAs, with approximately one-half of the States making additional adjustments for college populations. Among SDAs, 82 percent had their youth expenditure requirement adjusted away from the 40 percent benchmark, with 40 percent being adjusted downward and 43 percent being adjusted upward. Compared to the Phase II data for the transition year, the distribution of adjusted youth expenditure requirements shows a slightly smaller range (27 percent to 52 percent for Phase II versus 26 percent to 47 percent for Phase III) and a distribution that is decidedly more skewed toward the higher values. The explanation for both of these changes during PY84 program year was that many States adopted a variety of new adjustment methodologies that decreased the youth expenditure requirement for SDAs with very high initial values but, in turn, increased the requirement for SDAs with low or mid-range initial values.

The proportion of SDAs that expect to successfully achieve their adjusted youth expenditure requirement has increased from Phase II. In Phase III, 73 percent of the SDAs sampled expect to make their youth expenditure requirement for the 1984 program year, while the comparable figure for Phase II in the transition year was 63 percent. The size of the adjusted youth expenditure requirement is not a good indicator of whether or not an SDA predicts success in making the goal. Rather, the most important determining factors appear to be the existence of a large special service mix for youth and/or special SDA-level administrative procedures for serving youths. Of the SDAs that predict success in meeting their youth expenditure requirement, 55 percent attribute their expected success to the existence of a large special service mix for youth, particularly work experience and/or tryout employment. An additional 20 percent attributed their expected success to the establishment of special administrative procedures for handling the youth expenditure requirement. In those SDAs that predicted that they would not make their youth expenditure requirement, almost all had a small special service mix for youths, again either work experience and/or tryout employment. In almost all cases, however, the special youth programs were either very small or had been implemented too late in PY84 program year to contribute to the successful attainment of the SDA's youth expenditure requirement.

Most States did not change the three youth performance measures established by the Federal legislation. Of the small proportion (10 percent) that did, all added to the three in some way. In most cases, this took the form of States adding minimum acceptable service levels to one or more subcategories of youth as a condition for the receipt of incentive funds. While most States did not change youth performance measures, a sizable minority of States made adjustments to one or more of the youth performance standards. These included "tolerance" adjustments and adjustments for productivity. In all cases, these adjustments served to reduce the difficulty of an SDA to attain a particular standard, and were, in some cases, made to decrease the youth positive termination standard and/or increase the youth cost per positive termination standard.

A vast majority of States (85 percent) have ongoing youth competency systems. In most of these States, the State itself played a relatively passive role in their establishment, providing guidelines but leaving the actual development of the youth competencies to SDAs. At the SDA level, almost two-thirds of the SDAs sampled had ongoing youth competency systems. Most included as measures some variant of the four suggested by the U.S. Department of Labor, including: pre-employment skills, work maturity skills, basic education skills, and the job specific skills. Still, a few SDAs established radically different sets of youth competency measures. In addition, most of the SDAs that did not have youth competency systems in place at the time of the Phase III observation did plan to have them in place in the near future.

Youth issues appear to be the source of only a small amount of friction between States and the SDAs. In those cases where there was a problem, it was usually due to one of two issues. The first was the youth expenditure requirement, where some SDAs reported being unhappy with what they saw as inflexible or unfair State policy, and where at least one State was unhappy with an SDA that had not responded to State pressure to increase youth expenditures. The second issue causing some friction between States and SDAs concerns youth competencies. Here a few SDAs are unhappy either with a perceived lack of leadership by the State in the development of youth competencies or with the unwillingness of the State to approve an SDA-developed youth competency system.

APPENDIX TO CHAPTER 7

YOUTH COMPETENCY TESTS

PRE-EMPLOYMENT SKILLS I

SPECIFIC COMPETENCY: PROBLEM SOLVING/COPING

Score		Indicator	Benchmark	Certification
___	A.	Identify a problem	By stating the problem clearly including impinging circumstances.	Copy of the stated problem and impinging circumstances.
___	b.	Analyze the problem	By gathering resource information.	Summary of research done on the problem.
___	c.	Develop alternative	By listing several solutions to the problem.	Copy of the solutions developed.
___	d.	Choose a course of action	By selecting a feasible course of action in a given time frame.	Copy of selected course of action including time frame.
___	e.	Persevere through the obstacles	By following through with solution, an alternate solution, or at least one month's steps toward a solution.	Counselor/Employer Appraisal Summary, Client Journal notes.

0 - Not Acceptable
1 - Acceptable
2 - Exceeds

Minimum Score 5
Maximum Score 10
Individual Score ___ Name:

PRE-EMPLOYMENT SKILLS II

SPECIFIC COMPETENCY: JOB SEEKING

Score	Indicator	Benchmark	Certification
___	a. Identify and use sources of employment	By understanding employment vocabulary.	Will match the words to their meanings with 80% accuracy.
		By being able to locate 5 different sources of employment.	Written description of 5 different sources of employment.
		By being able to evaluate good vs bad sources of finding employment.	Written advantage and written disadvantage of each of the sources with 100% accuracy.
___	b. Describe methods for getting job applications or interviews	By knowing how to call and whom to call about getting a job application or interview.	Written list of 3 approaches to getting a job application or interview; list one main advantage and one main disadvantage associated with each of the 3 approaches and demonstrate the following behavioral standards when using the telephone: 1. Will ask for specific contact person. 2. Will know and use pertinent details. 3. Give self introduction. 4. Have paper and pencil ready for notes. 5. Speak clearly and politely.
		By knowing how to write a letter of application.	Written business letter requesting an interview meeting the following criteria. No errors in form, grammar, spelling and punctuation.

0 - Not Acceptable
1 - Acceptable
2 - Exceeds

Minimum Score 2
Maximum Score 4
Individual Score ____ Name:

PRE-EMPLOYMENT SKILLS II

SPECIFIC COMPETENCY: JOB GETTING

Score	Indicator	Benchmark	Certification
___	a. Identifies work relevant information about self	By completing a job application without making any errors.	Completion of job application with no errors using the data booklet.
		By completing a final draft resume which includes all pertinent information with no spelling errors.	Completion of final draft resume to program's standard.
___	b. Exhibits appropriate interview behavior	By explaining 2 major reasons why an interview is important to the employer and employee.	Written list of the reasons why the interview is important to the employer and employee.
		By listing the 5 most common questions asked in an interview.	Written list of the 5 most common questions asked in an interview.
		By responding to 2 out of 3 troublesome questions in a roleplay interview situation.	Counselor appraisal summary of ability to speak clearly, deal with questions directly, and maintain eye contact.
		By dressing and presenting an appropriate appearance at a practice interview with no more than 2 errors.	Counselor appraisal summary of dress and appearance.
		By selecting from a group of materials, papers, and information the things that should be taken to an interview with no more than 1 significant omission.	Written list of things to take to the interview.

PRE-EMPLOYMENT SKILLS II

SPECIFIC COMPETENCY: JOB GETTING

Score		Indicator	Benchmark	Certification
___	c.	States realistic expectations about salary, hours, and benefits of the job	By being able to state the prevailing minimum wage.	Written statement defining the current minimum wage rate.
			By being able to identify a job in which they are interested in and describing 3 of the following work related facts: days of the week, shifts, seasonal consideration, salary range, tasks involved.	Counselor appraisal summary using the occupational outlook handbook.
___	d.	Complete forms required by the employer and government	By being able to read and complete a W4 Form.	Copy of completed Tax Forms.
			By being able to list the meaning of all items on a paycheck/pay stub.	Written explanation of all items listed on a pay stub.

0 - Not Acceptable
1 - Acceptable
2 - Exceeds

Minimum Score 4
Maximum Score 8
Individual Score ___ Name:

BASIC EDUCATION SKILLS

SPECIFIC COMPETENCY: SPEAKING

Score	Indicator	Benchmark	*Certification
	Demonstrate an ability to:		
___	a. Speak with acceptable pronunciation and enunciation	By summarizing his or her work history.	
___	b. Use language that is clear, direct, and appropriate	By describing the skills needed for his or her career choice.	
___	c. Participate in group discussions	By verbally describing problems that occur on a job and how they might be resolved.	
___	d. Give an effective oral presentation	By summarizing his or her favorite job.	
___	e. Establish eye contact with the person with whom he/she is communicating	By doing a mock interview.	
___	f. Organize thoughts before communicating orally	By describing the ideal job situation.	

* The decision of how to certify basic skills are left up to the discretion of the particular service providers.

0 - Not Acceptable
1 - Acceptable
2 - Exceeds

Minimum Score 6
Maximum Score 12
Individual Score ___ Name:

BASIC EDUCATION SKILLS

SPECIFIC COMPETENCY: COMPUTATION

Score	Indicator	Benchmark	*Certification
	Demonstrate an ability to:		
___	a. Identify, add, subtract, multiply, and divide whole numbers, as well as, solve word problems using whole numbers	By scoring 2 levels higher than entrance level.	
___	b. Identify, add, subtract, multiply, and divide fractions, as well as, solve word problems involving fractions	By scoring 2 levels higher than entrance level.	
___	c. Identify, add, subtact, multiply, and divide decimals, as well as, convert decimals to fractions and solve word problems involving decimals	By scoring 2 levels higher than entrance level.	
___	d. Compare fractions, decimals, and percents	By scoring 2 levels higher than entrance level.	
___	e. Calculate percent of a number	By scoring 2 levels higher than entrance level.	
___	f. Solve work problems with percents	By scoring 2 levels higher than entrance level.	

* The decision of how to certify basic skills are left up to the discretion of the particular service providers.

BASIC EDUCATION SKILLS

SPECIFIC COMPETENCY: COMPUTATION

Score	Indicator	Benchmark	*Certification
	Demonstrate an ability to:		
___	g. Use electronic calculator	By solving 10 computation problems with 80% accuracy.**	
___	h. Solve problems related to purchases (cost, change, discount, tax, etc.)	By solving 10 computation problems with 80% accuracy.**	
___	i. Solve problems dealing with earnings and saving	By solving 10 computation problems with 80% accuracy.	
___	j. Solve problems dealing with basic living and/or traveling	By solving 10 computation problems with 80% accuracy.**	
___	k. Solve routine problems using rates	By solving 10 computation problems with 80% accuracy.**	
___	l. Solve or recognize reasonable solutions to non-routine problems	By discussing the various solutions to such.	

* The decision of how to certify basic skills are left up to the discretion of the particular service providers.

** This 80% accuracy is subject to modification as deemed necessary by the particular service providers.

0 - Not Acceptable
1 - Acceptable
2 - Exceeds

Minimum Score 12
Maximum Score 24
Individual Score ___ Name:

BASIC EDUCATION SKILLS

SPECIFIC COMPETENCY: ECONOMIC UNDERSTANDING

Score	Indicator	Benchmark	*Certification
	Demonstrate an ability to:		
___	g. Understand the characteristics of command and market economics	By discussing the difference between Capitalism vs Socialism.	
___	h. Understand the basic characteristics of international trade, including tariffs, balance of trade, and comparative advantage	By identifying the characteristics of above.	
___	i. Understand the role of fiscal (tax) and monetary(money) policies, including how they relate to employment and price stability	By discussing the effect of how one fills out their W4 form.	
___	j. Understand that in a market economy, the production and exchange of goods and services produces income, including profits and wages	By setting up a simulated business within a team framework.	
___	k. Understand and interpret economic data, as found in graphs and charts	By describing the situation in a given graph or chart.	
___	l. Understand that the government acts to modify the United States economy by transfer payments and redistribution of income	By discussing the federal welfare system.	

* The decision of how to certify basic skills are left up to the discretion of the particular service providers.

0 - Not Acceptable
1 - Acceptable
2 - Exceeds

Minimum Score 12
Maximum Score 24
Individual Score ___ Name:

WORK MATURITY

SPECIFIC COMPETENCY: DEPENDABILITY/RELIABILITY

Score	Indicator	Benchmark	Certification
___	a. Maintains an acceptable attendance record	By meeting standards of program. No unexcused absences/month. Reports to work regularly.	Monthly evaluation kept on file.
___	b. Maintains punctuality	By consistently reporting to work on time. One unexcused lateness/month. Gives timely notice of interruptions to work schedule.	Monthly evaluation kept on file.
___	c. Demonstrates reliability	By completing primary tasks on time. Consistently carries out tasks. Shows concern for worksite material and property.	Monthly evaluations kept on file.

0 - Not acceptable
1 - Acceptable
2 - Exceeds

Minimum Score 3
Maximum Score 6
Individual Score ___ Name:

8. PERFORMANCE STANDARDS

8.1 Introduction

The JTPA legislation authorized the Secretary of Labor to set performance standards to be used in evaluating whether the program is meeting the goals envisioned by Congress. The Department of Labor issued interim standards for the transition year on April 13, 1983. These standards refer to seven outcome measures -- four for adults and three for youths. The measures and the transition year (TY84) and program year (PY84) numerical values of the national standards are shown in Table 8-1. This chapter discusses issues related to setting standards and to the actual performance of SDAs during TY84 and PY84.

The U.S. Department of Labor set numerical values for these standards at the national level. The U.S. Department of Labor (DOL) also developed an optional multiple regression methodology to adjust for local conditions and the characteristics of the participants served.

Governors were allowed to determine deviations from the national levels for individual SDAs during the transition year. They were to use the standards to assess each SDA's performance and were permitted to reward good performance-based on transition year outcomes, but they could not penalize SDAs for failing to meet the interim standards. Although SDAs had to submit certain types of information required by a national reporting system, Governors could define terms and require additional information.

Table 8-1. National standards for transition year and program year 1984

Measure	TY84	PY84
Adults		
Entered Employment Rate	58%	55%
Cost Per Entered Employment	$5,900	$5,704
Average Wage at Placement	$4.90	$4.91
Welfare Employment Rate	41%	39%
Youths		
Entered Employment Rate	41%	41%
Positive Termination Rate	82%	82%
Cost Per Positive Termination	$4,900	$4,900

JTPA also required DOL to issue standards for program year 1984 by January 31, 1984. The PY84 standards[1] refer to the same set of seven outcomes and are based on a methodology similar to the transition year standards. Numerical values of PY84 national standards for youth outcomes were identical to the transition year standards, while three of the four PY84 adult standards (entered employment rate, cost per entered employment, and welfare entered employment rate) were set slightly lower. The average wage at placement standard is only slightly higher for PY84 when compared to the transition year. The PY84 DOL adjustment methodology (based on multiple regression analysis) is available at the Governors' option. If the Governor chooses an alternative methodology, it must be described in the State Coordination and Special Services Plan.

The PY84 standards are to be used for both rewards and sanctions as specified by JTPA. Performance standards for PY84 are to be used as the basis for distributing 6 percent incentive funds under Title IIA at the State level. At the local level, performance standards for SDAs provide incentives for performance-based contracting. The significance of the PY84 standards is further underlined by the fact that the Secretary of Labor may not modify performance standards more than once every two program years, and modifications are not retroactive. Standards for PY84 will be in effect during PY85 as well.

This report focuses on how the States and SDAs adapted the standards to local conditions, and on the measurement of actual SDA outcomes. In this chapter, we start with State-level implementation issues. We will then discuss SDA-level Title IIA performance standards implementation.

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[1] Federal Register, Vol. 49, No. 22, February 1, 1983, pp. 4052-4056.

8.2 State-Level Implementation of Title IIA Standards

During the transition year, all sample States except one adopted all seven performance measures specified by the Secretary of Labor. The one exception appeared to be the result of oversight rather than of deliberate planning. This State adopted six of the seven measures, but did not use the cost per positive termination measure for youths. Instead, it adopted a cost per entered employment standard for youths as well as for adults. This State also deviated from the Secretary's list by specifying a positive termination rate standard for adults, not only for youths. All of these deviations were eliminated in PY84, so in essence all sample States have adopted the Secretary's performance measures.

Three States experimented with measures not included in the Secretary's list during the transition year. One State set a job retention standard for the transition year, but dropped it since the follow-up system was not yet in place. No job retention standard was established for PY84 in this State. Another State established a 90-day employment retention standard for adults, and a "special population entered employment rate" standard for both adults and youth. Again, both measures were dropped in PY84. The employment retention standard was strongly criticized by the SDAs because of the expense involved in tracking clients who left the program. Follow-up costs are generally considered administrative expenses which count against the 15 percent administrative limit. The "special population entered employment rate" standard was difficult to measure across SDAs because of the discretion the State gave to the SDAs in defining and targeting groups with "special barriers."

Only one of the three States experimenting with additional measures during the transition year retained the measures for PY84. This State specified three additional standards beyond the Secretary's measures: a youth enrollment standard, an AFDC recipient enrollment standard, and a high school dropout enrollment standard.

In summary, the States had only limited transition year experience with standards other than the outcome measures specified by the Secretary of Labor, and those that did encountered difficulties of early implementation. Therefore, it is difficult to generalize from these early problems of implementing additional measures.

In PY84, as in the transition year, the measures specified by the Secretary were dominant: all States adopted the Secretary's seven outcome measures. However, a substantial number of States (eight of the 20 sample States) adopted standards beyond the Secretary's measures. These fall into the following categories:

- "Significant segments" standards. Several States are concerned about equitable service to various segments of the eligible population. A quarter of the sample States include enrollment measures for specific subgroups in the performance measurement system. These standards specify input, rather than output requirements. Some States identified separate standards for specific subgroups such as adult or youth welfare recipients, high school dropouts, women, minorities, and older workers. One State identified a list of significant segments so all-inclusive that the measure became almost meaningless. In this State, the standard requires that a certain percent of adult/youth participants belong to one of the following groups: handicapped, offender, dropout, displaced homemaker, AFDC recipient, veteran, older worker, minority, or youth. For youth, of course, this standard will be met by definition. Significant segments standards can be expected to be consequential only if they refer to specific, relatively narrow, and clearly identifiable groups.

- Job retention standards. Such standards, requiring follow-up information, were instituted in two States for PY84, although more States are developing follow-up systems. One of the States adopting follow-up based standards for PY84 abandoned the measures due to lags in data collection. No formal policy with respect to PY85 follow-up based standards has been adopted in this State.

- Net impact standards. One State developed a comparison group methodology to measure SDA performance on two net outcomes (net earnings gain and net earnings gain per dollars expended). However, these standards were not operational as of June 1985, and whether they will be used for PY84 became uncertain due to delays in receiving the necessary data.

- Job placement in new or expanding industries. One State developed a standard requiring placement of a certain portion of youth and adult terminees in new or expanding industries.

- Expenditure standards. Two States required SDAs to spend a certain portion (85 or 90 percent) of their Title IIA funds.[2] This was considered necessary to assure comparable performance across SDAs in evaluating those eligible for incentive awards. For example, an SDA that met all performance standards but spent only half its money would not necessarily be more deserving than one that missed one standard but spent all of its money.

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[2] In a third sample State an 85 percent expenditure level was recommended as a condition for granting PY84 incentive funds to an otherwise qualifying SDA.

The additional measures introduced by some States reflect three main areas of concern:

1. Equity of service (significant segments);
2. Longer-term outcomes (job retention, net impacts, and job placement in new or expanding industries);
3. Fair use of standards (expenditure requirements).

Standards not included in the Secretary's list of performance measures fall into two categories related to application:

1. Uniform statewide standards. In the case of job retention, expenditure rate, job placement in new or expanding industries, and net impact standards, all SDAs within the State are subject to the same requirement.
2. SDA-adjusted standards. "Significant segments" standards are sometimes (but not always) defined relative to the incidence of the given population subgroups (e.g., minorities) in the given SDA. (In other cases uniform statewide standards are applied to the given significant segment.)

Most additional measures involve complicated technical issues of standards setting. For example, many States are developing standards using follow-up studies, and many are also developing standards for placements in new or expanding occupations (a concern not only for Title IIA, but also for Title III). More States are expected to experiment with additional measures, but some experiments will be too ambitious technically, and some may be resisted by the SDAs. Some States abandoned additional standards introduced during PY84 due to technical difficulties of implementation. In any event, developing additional outcome measures appears to be a relatively slow, complicated process.

Six of the 20 sample States apparently did not use the Department of Labor regression adjustment methodology in PY84. The remaining 14 States did, although nearly half made further adjustments to the regression-adjusted SDA standards.

Various types of further adjustments to model-derived values were observed in the sample States. Some States made across-the-board adjustments to model-derived values. In one State, the cost per entered employment and cost per positive termination standards were raised. The youth positive termination rate standard was decreased by a fixed percentage for all SDAs. In another State, the Governor adjusted the wage standard for all SDAs; whereas, another State adjusted two youth standards (the youth positive termination rate and youth cost per positive termination) for all SDAs because no SDAs were ready yet to have youth competencies certified.

Another type of further adjustment to model-derived values is related to special SDA circumstances. In one sample State, further adjustments were made if the adjusted value varied significantly from an SDA's prior experience or if it varied significantly from an SDA's planned outcome for the measure.

One State applied a 10 percent productivity improvement factor to the model-adjusted values, and developed an SDA review process of draft standards. This process is designed primarily to reduce computational errors and the use of incorrect local data. Another State adjusted "subminimum" model-derived SDA standards to "minimum" acceptable levels of performance. These were based on a variety of data and considerations, including transition year performance, productivity improvement expectations, and adjustments for the introduction of youth competency systems.

Other types of adjustments or modifications involved more technical issues. For example, one State developed "parameter bands" rather than a fixed number to determine whether an SDA was meeting standards. Another State instituted adjustments responding to the problem of mixed adult/youth programs (youth participating in adult programs). A two-step procedure was devised to reach a new set of youth standards: (a) DOL model-adjusted standards were derived for "regular adult and youth," and "special youth" programs separately (using the adult and youth models, respectively); and (b) the resulting model-adjusted values for the two groups were weighted by the proportion of youth participating in the two types of programs. The resulting set of figures were adapted as standards.

The six States that did not use the regression methodology are particularly important. Some of these reported that they adjusted the standards derived from the Secretary's model, often both during the transition year and for PY84. However, such statements might be misleading. In fact, these States took as a point of departure the national standards published in the Federal Register, rather than the model-adjusted standards. They adopted several figures without any further adjustment, while they adjusted others (usually based on a more or less qualitative assessment of local data). Some used local CETA data to derive transition year and PY84 standards. In some instances, PY85 standards were adjusted based on local transition year JTPA outcomes. This group included not only single-SDA States and States with a small number of SDAs, but also two with a relatively large number of SDAs. In some multi-SDA States, the same standards were applied to all SDAs, though one of these States appears to have shifted to the Secretary's adjustment methodology during PY84.

Single-SDA and other small States that did not use the Secretary's adjustment methodology did adjust standards -- most frequently the average wage at placement standard -- based on local circumstances such as low area wage rates. Similarly, in one multi-SDA State adopting the same standard across all SDAs, it was argued that the "model" did not adequately account for the conditions of rural SDAs, particularly with respect to the wage standard.

Unless they actually compute the model-adjusted standards, however, State officials are not justified in faulting the Department of Labor "model." The regression adjustment methodology incorporates an adjustment for local wage rates. Therefore, it is expected to result in relatively low standards for low-wage, single-SDA States and for relatively low-wage, rural SDAs. Application of the model is expected to lead to SDA standards different from the national standards both for single-SDA States and SDAs in multi-SDA States, unless a particular SDA matches the national average.

Only one of the sample States that did not use the DOL adjustment methodology compared the values of the average wage at placement standard as adjusted by the Department of Labor method and by the State. Both values were significantly below the national departure point, although the State-adjusted standard was 27 cents lower than the DOL-adjusted standard. Even in this instance, the State adopted the national figures for the other six standards without any change.

Some States used the national standards rather than model-adjusted standards because State officials did not adequately understand the Department of Labor adjustment methodology. In addition, some States felt that their programs would be held accountable for meeting national standards, prompting them either to mandate the national standards or to justify departures from those figures. Some States feel that uniform standards for all SDAs are easier to enforce and politically easier to defend than standards that vary by SDA, although political conflicts clearly arose as a result of uniform SDA standards in one of the six sample States using the national standards as a point of departure.

With the exception of three States (none using the DOL adjustment methodology), SDAs did not play any significant role in the development of the standards setting and adjustment procedures. In most States, the standards setting process was viewed as the domain of state-level technicians; SDAs participated in "informational" meetings in some instances, but were not asked to comment on major standards setting options. The technical complexities involved also generated a low level of SDA interest in issues of standards setting and adjustment procedures.

Many SDAs believed that the standards were "easy to beat," and did not perceive 6 percent policies as a strong motivating force. These factors also contributed to a low level of SDA interest in the standard-setting process.

In three States which did not use the Secretary's adjustment methodology, the standards were arrived at through a State/SDA negotiating process. In other States which did not use the Secretary's adjustment methodology, local standards were often arrived at with a keen attention to local conditions. However, it was not clear whether the resulting SDA standards adjusted for: (a) variations in local conditions beyond SDA control, or (b) other factors subject to SDA control (such as management practices and local program goals resulting in relatively low actual performance). One approach to minimize variation in measured outcomes was to utilize historic performance levels (CETA or transition year) for the local units in arriving at local standards. This approach was used in two sample States. In other instances where the DOL methodology was not used, it is less obvious how much the standards responded to local circumstances within or beyond the SDAs' control; no formal adjustment methodology was adopted in these cases.

However, in most sample States model-adjusted SDA standards were derived based only on the variables included in the DOL model. Still, some of these States allowed for quarterly and/or end-of-year negotiations, allowing SDAs to argue that unfavorable local circumstances resulted in low performance and to ask for revised standards. In other States, model-derived standards were not modified as a matter of policy.

Incentive Funds and Performance Standards

The distribution of 6 percent incentive funds is related to how performance on the various measures is summarized. Several possibilities exist for linking performance on the various measures to the distribution of 6 percent funds. The following summary illustrates the diverse patterns in the sample States.

A central issue is whether one or several incentive fund "pots" are used. Some States developed several pots. If separate funds are developed for each outcome measure, the only weighting issue is whether the same amount is assigned to all measures, or whether good performance on some measures is rewarded with more incentive money than good performance on others. One State that developed a separate pot for each measure assigned an equal amount to each measure except one; they argued that the average wage at placement standard reflects legislative intent less than the other standards do.

Most States, however, summarized performance on various measures in a single index, or in two or three summary measures. Methods of arriving at these measures include:

- Specifying that an SDA must meet a certain number of standards (such as five of seven measures) to qualify for incentive awards. Often certain measures must be met as part of the qualifying set. For example, one State specified that the adult, welfare, and youth entered employment rates should be part of five measures to meet.
- Developing a "performance index" by averaging the percentages by which SDAs deviate from standards. Equal or unequal weights may be used. For example, one sample State assigned highest weights to the adult entered employment rate (EER) measure and lowest weight to the youth EER and youth cost per positive termination measures.
- Using a point system. Points are assigned based on the deviation of actual outcomes from the standard on each measure; the sum results in an overall score.

Whether incentive awards should be proportional to SDA size is an issue distinct from weighting the various measures. Some States weighted incentive awards by the size of SDA Title IIA allocations. However, most apparently do not plan to weight 6 percent incentive awards by SDA size. Consequently, two SDAs satisfying the same set of performance requirements equally would be entitled to the same incentive bonus even if one administers a program several times larger than the other.

Another issue is whether incentive awards are allocated on the basis of "self" competition, or by competition among all SDAs for a fixed pool of funds. Under the first option, the State would specify a fixed standard, and an SDA meeting this standard would receive an incentive award whether or not other

SDAs in the State meet the expectations set for them. "Self" competition, therefore, means that the SDA knows in advance the exact amount of the award it would be entitled to if it meets performance expectations. By contrast, if a fixed amount of funds is available for all SDAs meeting the given performance expectations, the amount received by any one SDA depends on the number qualifying. In the extreme case, one SDA may receive the whole pot, if no others qualify.

Some SDA officials have criticized competition among SDAs for a pool of statewide incentive funds as unfair, but only one State has proposed a "self" competition system for PY84. Many States may have rejected this option because part of the incentive funds would remain unspent unless all SDAs meet their standards. In the one State contemplating this system, the proposal calls for rolling over unspent PY84 incentive funds to PY85.

State comments to the contrary, the "unfairness" of inter-SDA competition for the same pot is not self-evident. States may be justified in granting a larger award to an SDA that meets standards when few other SDAs do so, because the achievement is more outstanding than when many SDAs do. This logic may explain, at least in part, the greater popularity of this system in the States. However, it also assumes that the standard setting process was "fair."

With respect to distribution of PY84 incentive funds, the various States adopted, or plan to adopt, complex patterns of allocation mechanisms similar to those already discussed. Some States addressed a wealth of detail, but in others, several operational issues were still unresolved at the end of PY84. States apparently are still experimenting with ways of linking performance standards to the distribution of 6 percent funds, and modifications are likely in the future.

Fourteen sample States (70 percent) reported that 50 percent or more of 6 percent monies are to be used for incentives. Half of these (seven States) plan to use at least 70 percent for incentives. While some States developed incentive policies which reward SDAs based on quarterly performance, several States reported that PY84 performance will be rewarded in PY85. In some of these States, PY84 incentive funds were spent on technical assistance, carried over to PY85, or were simply allocated to the SDAs based on Title IIA 78 percent allocations.

In most sample States, only a fraction of 6 percent funds is allocated to technical assistance to the SDAs (e.g., training, workshops tailored to SDA needs). However, 6 percent funds are also used for a variety of other purposes beyond narrowly defined incentive funds and technical assistance to SDAs. For example, some States allocated funds for statewide technical assistance (TA), to labor market information, or to various statewide programs. One State allocated 6 percent funds to employee cash bonuses, others use 6 percent funds to reward the attainment of various goals beyond meeting the performance standards. For example, "significant segments" targeting (reflecting EEO concerns and/or a focus on the hard-to-serve) is often rewarded from a separate pot of 6 percent monies, although other States incorporate performance on such criteria into the main performance standards incentive system. One State allocated 40 percent of 6 percent funds for Statewide TA, while 60 percent of the funds go to the SDAs for incentives and technical assistance. In this State, the decision on the distribution of funds between an incentive for contractors displaying superior performance, and technical assistance is made at the SDA, rather than at the State level.

Since in many States incentive monies develop into a full system only in PY85, and a number of important technical questions still arise with respect to the application of State policies, 6 percent policies are still evolving.

8.3 SDA-Level Implementation of Title IIA Standards

Performance standards raise two sets of issues in the SDAs. The first is the implementation of standards at the SDA level. The second is the relationship between the SDA performance standard and performance expectations of the SDA toward service providers.

During the transition year, 90 percent of sample SDAs did not add to the standards specified by the State. A few SDAs, however, set numerical goals stricter than the standards received from the State.

The interest of the PICs in performance standards was often indirect; many PICs (especially those dominated by private-sector members) stressed the need for good placement performance and/or low cost programming. But they were often less interested in the specific numeric standards set by the State. These were frequently perceived as easy to meet. SDAs were more active in setting sub-SDA level performance expectations, a subject discussed later in this section.

Using the information available on the relationship between transition year standards and actual SDA performance, we classified SDAs according to their success or failure in reaching their transition year standards. The results are as follows.

Percent of Sample SDAs Meeting Transition Year Standards

Measure	Percent
Adults	
Entered Employment Rate	93
Cost Per Entered Employment	88
Average Wage at Placement	73
Welfare Entered Employment Rate	93
Youths	
Entered Employment Rate	83
Positive Termination Rate	33
Cost Per Positive Termination	55

The adult entered employment rate and welfare entered employment rate standards were met by more than 90 percent of sample SDAs. In most cases, however, the magnitude of deviation from the standard was modest. The average wage at placement was the adult standard most difficult to meet; more than a fourth of SDAs did not reach it.

The cost per entered employment standard was met by almost 90 percent of SDAs. In fact, detailed data suggest that many SDAs substantially overperformed on this measure. This may be partially explained by the fact that it is difficult to apply historic CETA data to the JTPA program, which involves lower costs by design. In addition, PICs often viewed low-cost training as an important goal.

Overall, a smaller portion of SDAs met youth standards. Only a third of SDAs met the youth positive termination standard.

This is related to the lack of established youth competency systems in many SDAs.

More than half of the SDAs (55 percent) met all adult standards, while only a quarter of SDAs (22.5 percent) met all youth standards. Only three sample SDAs (7.5 percent) failed to meet four or more standards, while 16 SDAs (40 percent) met six or seven standards. Six sample SDAs (15 percent) met all standards.

SDAs were also classified by the relationship between PY84 and transition year standards. For each of the seven measures, three groups were created:

- PY84 standard is higher than the transition year standard;
- PY84 and transition year standards are the same; and
- PY84 standard is lower than the transition year standard.

The data in Table 8-2 show that PY84 standards were set cautiously. For most standards, the percent of SDAs meeting transition year standards is higher, often substantially so, than the percent of SDAs with tightened PY84 standards. For example, although 93 percent of SDAs met the adult entered employment rate standard during the transition year, only 48 percent had higher PY84 standards. Perhaps even more interesting is the fact that a substantial portion of SDAs face loosened, rather than tightened, PY84 standards. Again, almost half (45 percent) of the sample SDAs had lower adult entered employment rate standards for PY84 than for the transition year, although only 7 percent failed to meet transition year standards.

Table 8-2. Distribution of SDAs by relationship between PY84 and transition year standards

Measure	PY84 Standard			
	Higher	Same	Lower	Total
Adult				
Entered Employment Rate	48%	8%	45%	100%
Cost Per Entered Employment	38%	5%	58%	100%
Average Wage at Placement	40%	8%	53%	100%
Welfare Entered Employment Rate	37%	5%	58%	100%
Youth				
Entered Employment Rate	33%	13%	55%	100%
Positive Termination Rate	45%	13%	43%	100%
Cost Per Positive Termination	33%	23%	45%	100%

*Percentages may not add to 100 due to rounding.

Only the adult cost standards are tighter in at least half of the SDAs for PY84. Fifty-eight percent face tightened adult cost per entered employment standards.

Except for the cost standard, there is no obvious relationship between transition year performance and changes between transition year and PY84 standards. For example, although a substantially higher portion of SDAs failed to reach the adult wage standard than the entered employment rate standards (both total and welfare), almost as many SDAs face increased PY84 wage standards as increased entered employment rate standards.

Table 8-3 shows the relationship between mean transition year and PY84 standards for sample SDAs, and also gives the standard deviation for each measure. The data show that only the cost standards tend to be noticeably tighter during PY84 in relation to the transition year, while the adult welfare entered employment rate and youth entered employment rate standards were set significantly lower during PY84 when compared to the transition year.

The pattern of changes between transition year and PY84 standards reflect substantial caution at the State level. PY84 was the first year in which both rewards and standards were to be associated with SDA performance. The States were reluctant to alienate the SDAs with too ambitiously defined standards. The pattern of State PY84 standards setting often directly reflected the difference between transition year and PY84 national standards (Table 8-1). For example, the PY84 national adult wage standard ($4.91) is 1 cent above the corresponding value for the transition year. The corresponding PY84 mean for sample SDAs is 2 cents above the transition year mean for the sample SDAs. The PY84 standards setting was also influenced by local experience;

Table 8-3. Mean and standard division deviation of transition year in PY84 standards in sample SDAs

Measure	Transition Year			PY84 Standard		
	Mean	Standard Deviation	Range	Mean	Standard Deviation	Range
Adult						
Entered Employment Rate	53%	8%	34%-63%	52%	8%	25%-67%
Cost Per Entered Employment	$5,816	$1,343	$2,518-$9,370	$5,566	$1,704	$868-$10,000
Average Wage at Placement	$4.54	$0.35	$3.81-$5.13	$4.56	$0.40	$3.93-$6.11
Welfare Entered Employment Rate	38%	9%	11%-59%	36%	9%	11%-54%
Youth						
Entered Employment Rate	42%	10%	19%-67%	37%	9%	11%-58%
Positive Termination Rate	74%	12%	41%-83%	75%	8%	55%-86%
Cost Per Positive Termination	$4,351	$1,341	$2,010-$8,843	$4,133	$801	$2,500-$6,166

in States where a substantial portion of SDAs underperformed on a given measure, the PY84 standard was often set lower.

Use of Performance-Based Contracting

The use of performance-based contracting substantially increased during PY84; eighty-five percent of the SDAs reported using performance-based contracting at the end of PY84. Many of the SDAs reporting this also reported that they either did not use it during the transition year, started to use it during the transition year, or introduced it during PY84. More than half of the sample SDAs reported that the use of performance-based contracting was very extensive, in many cases exclusive or almost exclusive.

The use of performance-based contracting is widespread in classroom training, somewhat less frequently used in OJT and job search assistance activities. It is infrequently used in work experience, summer youth, and various exemplary youth programs, although the trend is to utilize performance-based contracts for such activities as well. Some SDAs that intended to use performance-based contracts exclusively reported that the ES intake component was an exception. Others reported difficulties with respect to CBOs, and programs for hard-to-serve groups.

Performance-based contracting covers a variety of arrangements. The most radical version, when payments are made only upon the achievement of all performance goals specified in the contract, almost disappeared. Virtually all PY84 performance-based contracts incorporate payment "milestones": some payment may be made for enrollment, program completion (or even at various points in the training process), at placement, and for various other specified outcomes. Such outcomes may include attainment of prescribed competencies, the achievement of a specified wage level at termination, and job retention. Payment "milestones" facilitate a continuous cash flow, and reduce subcontractor risk. This feature is particularly important with respect to CBO participation. The risks are also reduced by the fact that only a portion of payments is tied to the achievement of performance outcomes. This portion varies between SDAs, by type of program activity, or by individual contract. The proportion of payments at risk may be different in adult and youth programs, and several SDAs reported a lower proportion for CBOs when compared to private sector service providers. For example, in one SDA 25 percent of payments is tied to entered employment, but the corresponding figure is only 5 percent for CBOs.

The performance expectations contained in the contracts also vary by characteristics in most SDAs. Performance expectations often differ by program activity. They are usually different for adult and youth programs. Variations may also exist depending on the target group in question. One sample SDA reported uniform performance expectations for subcontractors, except for programs targeted to offenders and disabled persons. Some SDAs specify uniform performance expectations for all contracts (this appears to be a rapidly diminishing category), others negotiate the terms with each subcontractor individually.

Essentially all performance-based contracts are directly related to two of the DOL performance measures: entered employment rate and cost per entered employment. SDAs and contracts vary in the extent to which they consider other performance measures, like positive termination and average wage at termination. It is notable, however, that job retention requirements are often present in performance-based contracts, even if job retention performance standards are not frequently applied to the SDAs.

The link between performance standards applied to SDAs and the performance requirements built into performance-based contracts is in most cases indirect. An intervening link is service mix and the selection of service providers; SDA performance may substantially change as a result of changes in the mix of providers and services subject to varying performance expectations. Another important source of discontinuity between SDA-level standards and performance-based contracts relates to adjustments for client characteristics. SDAs that use the DOL adjustment methodology do not typically adjust performance expectations vis-a-vis subcontractors based on client mix. In some cases target groups are considered in specifying performance requirements for various types of activities, or in negotiating with individual contractors. But few SDAs establish differential performance expectations for various client subgroups in performance-based contracts in a manner even remotely similar to the regression-adjustment approach used in the Secretary's model. Therefore, client characteristics which may be neutral with respect to performance outcomes as a result of the DOL adjustment methodology at the SDA level, are often not neutral with respect to the performance expectations subcontractors are facing. This creates a potential incentive to manipulate client characteristics at the subcontractor level.

Many of the perceived advantages of performance-based contracting are related to the explicit output orientation of these contracts. Performance-based contracts appear to stress outcomes regarded as important by the PICs; subcontractors clearly face incentives to achieve the specified outcomes. The goals of the PIC are clearly communicated to the subcontractors in performance-based contracts; "the SDA gets what it pays for."

Performance-based contracts create a clear link to SDA-level performance standards. Performance-based contracting also facilitates easier monitoring of subcontractor performance and brings greater objectivity into the contracting process, thereby reducing political pressures on the PICs. It may also increase competition with resulting savings, although the potential for this depends on the availability of potential contractors. Performance-based contracting also simplifies the management of subcontracts from an accounting point of view, and may result in real administrative cost savings. These features are particularly appealing to business oriented PICs.

In several SDAs, performance-based contracts were also seen as attractive because the use of this type of contracting reduces administrative cost limitation pressures on the SDA; all costs of these contracts are treated as training costs. Although this point was reported from most sample SDAs, only in a few cases did it appear as the main or exclusive reason for favoring performance-based contracts. In fact, many SDAs that are in the forefront of using performance-based contracts do not feel that they need performance-based contracting to remain within the 15 percent administrative cost limit.

One of the frequently mentioned disadvantages of performance-based contracting is the time consuming nature of writing performance-based contracts. This explains the infrequent use of this type of contracting in summer youth programs to date. It is quite likely, however, that experience will reduce this problem. It was also reported that performance-based contracting discourages CBO involvement. Many potential service providers outside the private sector find it difficult or cumbersome to use performance base contracting and are reluctant to enter into this type of arrangement. A major concern is that performance-based contracting appears to provide strong incentives to screen applicants and therefore may lead to undesirable "creaming."

Performance-based contracting appears to be a key, and widely used, feature of JTPA. It may in fact be one of the central mechanisms of JTPA as an outcome oriented job training program. The data also show substantial diversity and evolution in the use of performance-based contracting. Many of the difficulties and perceived disadvantages of performance-based contracting can be alleviated with the help of more sophisticated contracting procedures. The increasing use of "milestone" payments is an example of this. The use of differential performance expectations for various types of services, service providers, and client groups also indicate the potential to reduce certain disadvantages associated with performance-based contracting. It is likely that many SDAs will develop more sophisticated mechanisms to adjust for client mix in the future. SDAs are still learning how to utilize performance-based contracting.

8.4 Summary

The States had only limited transition year experience with performance standards other than the outcome measures specified by the Secretary of Labor, and those that did encountered difficulties of early implementation. In PY84, all States adopted the Secretary's seven outcome measures, however, a substantial portion (40 percent of sample States) also adopted standards beyond these seven measures. These additional measures reflect three main areas of concern: (a) equity of service (significant segments standards); (b) longer term outcomes (job retention); (c) fair use of standards (expenditure requirements).

Fourteen sample States used the Secretary's regression-adjustment methodology, and nearly half of these made further adjustments to model-derived values. However, six of the sample States did not use the DOL adjustment methodology. These States took the national standards as a point of departure, and often made ad hoc adjustments to these figures. An inadequate understanding of the DOL adjustment methodology was an important reason for the standards setting approaches adopted by these States.

The evolution of six percent policies was an important feature of State-level implementation during PY84. Most sample States summarized performance on various measures in a summary Title IIA "performance index" or developed some other rules for summarizing performance on the various measures (e.g. SDAs must meet a certain number of standards to qualify for incentive grants). Most sample States do not plan to weight PY84 6 percent awards by SDA size.

Fourteen sample States (70 percent) reported that 50 percent or more of 6 percent monies are to be used for incentives. In most sample States, only a small fraction of 6 percent funds is allocated to technical assistance to SDAs.

While some States developed incentive policies that reward SDAs based on quarterly performance, several States reported that PY84 performance will be rewarded in PY85. In some of these States, PY84 incentive funds were spent on technical assistance, carried over to PY85, or were simply allocated to SDAs based on Title IIA 78 percent allocations.

The adult entered employment rate, cost per entered employment, and welfare entered employment rate transition year standards were met by about 90 percent of sample SDAs. However, almost 30 percent of sample SDAs failed to meet their adult wage standard. Performance on the youth measures tended to be lower than on the adult measures. Only a third of sample SDAs met the youth positive termination standard. This is related to the lack of established youth competency systems, and to transfers to summer youth programs which did not qualify as positive terminations.

PY84 standards were set cautiously. For most standards, the percent of SDAs meeting transition year standards is higher, often substantially so, than the percent of SDAs with tightened PY84 standards. The pattern of PY84 State standards setting practices often directly reflected the difference between transition year and PY84 national standards. Standards were also set lower when a substantial portion of SDAs underperformed on a given standard during the transition year. States were apparently reluctant to alienate SDAs by setting PY84 standards too tightly.

Performance-based contracting appears to be a key, and widely used feature of JTPA. The use of such contracts substantially increased during PY84, and is expected to rise even more during PY85. Eighty-five percent of sample SDAs reported using performance-based contracting at the end of PY84. More than half of the sample SDAs used performance-based contracting extensively; in many cases performance-based contracting was nearly universal.

Performance-based contracting covers a variety of arrangements. The most radical version, in which payments are made only upon the achievement of all performance goals specified in the contract, almost disappeared by the end of PY84. Virtually all PY84 performance-based contracts incorporate payment "milestones" (payments made for enrollment, program completion, placement, and other specified outcomes). Performance expectations contained in the contracts vary by various characteristics (e.g. program activity, adult/youth program, target group).

Performance-based contracts are directly related to two DOL measures: entered employment rate and cost per entered employment. Other DOL measures are included in some, but far from all, performance-based contracts. It is notable, however, that job retention measures are often present in performance-based contracts, even if SDAs are not subject to such standards.

The link between SDA performance standards and performance requirements built into performance-based contracts is often indirect; service mix and the selection of service providers play an important intervening role. Another important discontinuity between SDA standards and performance-based contracts relates to adjustments for client characteristics; SDAs that use the DOL model do not typically adjust performance expectations vis-a-vis subcontractors based on client mix.

Many perceived advantages of performance-based contracts are related to the explicit outcome orientation of such contracts. SDAs also mentioned the role of performance-based contracting in reducing administrative cost pressures on the SDA, although many SDAs in the forefront of using performance-based contracts were not concerned about administrative cost limitations.

The main perceived disadvantages of performance-based contracts were the time consuming nature of writing such contracts and the possibility that such contracts may provide strong incentives to screen applicants, and therefore may lead to undesirable "creaming." SDAs appear to address some of these and related concerns by improving contracting procedures.

9. THE TITLE III DISLOCATED WORKER PROGRAM

The dislocated worker program, authorized by Title III of the Job Training Partnership Act, has an entirely different focus from the rest of the act. While the other titles seek to target training resources on the economically disadvantaged, Title III is designed to assist workers who have lost their jobs or are at risk of losing their jobs because of plant closings and layoffs due to world trade or technological change.

Although a similar strategy was used to retrain a small portion of the labor force during the early days of the Manpower Development and Training Act of 1962 (MDTA), employment and training programs over the last two decades have been geared to economically disadvantaged youths and adults.[1] Title III, therefore, represents a renewed interest in the welfare of workers thought to be structurally dislocated.

A major element of Title III is the role it provides the States to design and implement the program. Many management, coordination, program planning, and oversight responsibilities that were traditionally functions of the Federal government have been shifted to the State level. States have almost complete authority over how the program is targeted, how resources are distributed, and what services will be provided.

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[1] For a discussion of the evolution and impact of federally funded training programs, see Charles R. Perry, et al., The Impact of Government Manpower Programs, Manpower and Human Resources Studies, No. 4 (Philadelphia: Industrial Research Unit, The Wharton School, University of Pennsylvania, 1975).

This chapter discusses the major features of State Title III programs: organizational arrangements and allocation strategies; sources of matching; State-level targeting; and service mix (other Title III issues are covered in Chapter 10).

9.1 Organizational Arrangements and Allocation Strategies of State Title III Programs

This section discusses some major aspects of State Title III programs as they evolved from start-up, through the transition year and took shape during program year 1984. These include: the formal organizational arrangements and the roles of the Governor, State Council, and private-sector members of the Council; the allocation provisions for Title III; allocation strategies during the transition year and program year 1984; and SDA involvement in the Title III program.

State Level Organizational Arrangements

Administrative responsibility for the Title III program in half the sample States has been and continues to be within a division of the State's Department of Labor. In most other States, the administrative responsibility falls either to a division of another State department (such as Economic Development or Community Affairs) or to the Department of Economic Security/Employment Service. However, there are several exceptions. For example, one State utilizes a Dislocated Worker Team which includes representatives from the State Education Department, the Department of Labor, the Economic Development Department, the Governor's Office, labor organizations, and SDAs/PICs. In two other States, the Governor's Office (for JTPA/Job Training) initially had primary administrative responsibility. In one of these States, administrative responsibility for all JTPA programs was transferred to the State's Department of Labor during PY84. However, the Associate in that State indicates that "although this appears to be a major shift, in reality the structure and most reporting relationships remain unchanged." In the other State, the Governor's Office continues to have primary responsibility, although the State Council is involved in funding decisions and the Department of Labor does fiscal monitoring.

The only other major organizational change which took place during PY84 among the sample States was in a State where administrative authority for Title III had rested with the Job Training Division of the Department of Community Affairs. The program was moved to the Economic Development Division of this agency during the summer of 1984, and both administrative and funding control remain with this division, although at the Governor's initiative the Job Training Division was later moved to the State's Department of Labor.

In the large majority of States, de facto control of Title III funding decisions has been and continues to be the responsibility of the administering agency or department. However, in a number of States, the State Council and/or the Governor make general policy recommendations regarding funding, and in some States, approve the funding of individual projects. (The roles of the Governor and Council are discussed below.)

Changes in organizational responsibility for funding decisions which took place during PY84, were sometimes related to the level of sophistication of the Council or may have been designed to expedite the funding process. For example, the Associate in one large State, where the funding authority initially rested with the State's Department of Labor, reports that during PY84,

> As the SJTCC's organization became more competent with regard to its role, and its committee structure began to play a more important policy role, Title III funding control shifted to its Operations Committee (subject to SJTCC approval).

In another State, where a unit of the State's Department of Labor has administrative authority and funding decisions were made by the full State Council during TY84, the decisionmaking process was transferred during PY84 to a special committee. This committee consists of representatives from three Department of Labor bureaus, the State Finance Authority, the Economic Development Department, the State Council and the State AFL-CIO. This change was made to expedite the flow of funds. The State Council is informed of the final decisions, but full authority rests with this special committee.

The Governor's Role

The Associates report that the role of the Governor in the 20 States ranged from basically no role at all or an extremely passive role in several States, through varying degrees of interest, personal support, and direction in a solid majority of States, to what could be described as an active role in only a few States.

Of the Governors falling in the "intermediate role" category, the Governors from two States were primarily involved in the start-up of the program. In several States, both in this group and among those where the Governor plays a more active role, Associates indicate that Governors are especially interested in economic development, in promoting ties between the public and private sectors, and in coordinating efforts of several State agencies. In one large State, with an active State Council, Associates note that the Governor has a strong indirect role through his appointments to the Council. In another State, where the Governor is generally not actively involved, informal discussions take place with his office when "any proposal for funding of a new project of substantial size is being discussed."

Of the States where the Governor is described as having a more active role, the following quotations illustrate the variation in Governors' styles. The first is from an Associate in a rural State with a statewide program.

> Ultimately the Governor controls all the JTPA funding. I have no doubt that if he didn't agree with the State Council on who would get Title III dollars, he would overturn their recommendation. ([However], he has shown he would think twice before overturning an SDA or Council Title IIA recommendation.)

The Associate from a large State writes:

> The most visible (and popular) action by the Governor in PY84 [was the creation of the] Rapid Response Team charged with responding to unexpected . . . layoffs and plant closings. . . . From the perspective of the Governor, it is another of his efforts to integrate education, job training, employment services and economic development. . . . The Governor has always maintained a great deal of influence with private-sector members of the Council [some of whom sit on the committee which oversees Title III]. And finally, the Governor has regularly submitted applications to DOL for Secretary's Discretionary Funds.

And from an Associate in a midwestern State:

> The governor has shown more interest in Title III than in Title IIA. Two of his major concerns are the problems of farmers and plant closings. He has influenced the [Title III administrative agency] to move the program in those directions. . . . The

> definition of dislocated worker has been changed to include farmers. . . . The Governor has strongly supported the development of the pre-lay-off assistance team . . . and has sought the cooperation of the various State agencies [for this purpose].

Role of the State Council

The roles of the State Councils in the Title III programs in the 20 State sample, may be categorized in three groups. In the largest group, consisting of more than a third of the States, the Councils play either an extremely limited role or no role at all. In the second group (about one-quarter of the sample), the Councils' role could be characterized as ranging from "advisory" to "making general strategic and policy recommendations." In the third group, consisting of six States, the full Council and/or its committee(s) was actively involved in the Title III program during PY84.

In the first group, the Associates tended to characterize the State Council as "passive," "more interested in Title IIA" or as having no role at all. In one or two States in this group, the Council may have reviewed the overall program, but the following quote from an Associate in one of these States is more representative. "The Council has no feeling at all about the quality of the program, or if its funds are well spent."

In the second group, the State Councils have had limited oversight responsibilities, and have been involved in such things as clarifying eligibility standards, setting performance standards, approving overall expenditure plans or routinely approving the project funding decisions of the State's Department of Labor. The Associate from one of these States writes:

> The Council reviews policies and seems to be less influential in Title III policymaking than in Title IIA. . . . State staff see these policy reviews as serving a legitimacy or credibility function. They provide "clout" when dealing with SDAs or other interests.

Private-sector influence on the State Councils in this group of States is limited. The Associate in a small State with a statewide program, notes that the private-sector members initially had been active in getting the program off the ground, and at the end of PY84 were again becoming more involved in planning of funding allocations. In other States in this group, Associates' comments on the involvement of private-sector State Council members range from "not active" to "selective involvement."

In five of the six States in the third group, one or more committees of the State Council has oversight responsibility for the Title III program and make recommendations on project funding decisions to the full Council. In the sixth State, the full Council makes funding recommendations to the Governor. In four of these States, an RFP process is used to allocate some or all of the funds. In the other two States, which have run statewide Title III programs since the start of JTPA, the Council reviews proposals and makes decisions on service providers. The following quotations are illustrative.

The first is from an Associate in the State which used part of its PY84 allocation to fund projects in specified areas.

> The State Council has an important role in Title III. . . . Its dislocated worker committee must approve all projects and make a recommendation to the Council before funding is approved. The State's Department of Labor staff will work with an organization in developing a project . . . but the committee is involved very early in informal discussions and is kept informed of all negotiations with prospective contractors. It has rejected projects and required modifications before giving its approval. My impression is that the State staff views the dislocated worker committee seriously and . . . works to resolve problems identified by the committee.

And another, from a State where the Council has a number of committees.

> The dislocated workers committee is active in reviewing all proposals, and has worked on other issues such as performance standards and relocation policy. [Another committee] has focused on the handicapped and other target groups.

Not surprisingly, the involvement of private-sector members of the State Council is also greatest in this third group. The Associate from the State quoted above writes:

> While some turnover of private-sector membership on the Council has occurred, there remains a core of five or six members who are more active than others . . . It is these members, as well as the Governor, who are acknowledged by staff to be largely responsible for the greater emphasis on a closer linkage between economic development and [employment and training] under Title III.

The Associate from one of the States with a statewide program indicates that the private-sector representatives have been especially active in "the development of curricular designs for training programs and in the development of and participation in an early warning system which notifies public officials of potential plant layoffs and closings and allows for pre-layoff intervention."

Allocation Provisions for Title III

Federal funds for Title III programs are allocated two ways, which differ in their requirements for State matching funds. The principal method, by which 75 percent of the money is distributed to the States, is a formula allocation based on three factors:

1. The State's relative share of the number of all unemployed persons in the country;
2. The State's share of the number of "excess" unemployed persons in the country, with "excess" defined as those above 4.5 percent of the civilian labor force; and
3. The State's relative share of persons unemployed for longer than 15 weeks.

Each State must match these Federal funds with an equal amount of non-Federal public or private funds, but the amount of this required match is reduced by 10 percent for each percentage point that the State's average unemployment rate exceeded the national unemployment rate in the prior fiscal year.

Second, the Secretary of Labor can allocate up to 25 percent of the Title III funds at his discretion. States apply for these funds to meet special needs beyond those that can be met from the formula allocations. No State matching is required for grants from this discretionary fund.

Sources of Title III Funds

Title III programs in the early stages of JTPA were funded from four different "pots" of money:

1. For Federal fiscal year 1983, more than $18 million was distributed to the States in February 1983 by formula. Later a second allocation of over $63 million was made from the Emergency Jobs Bill (Public Law 98-8).

2. In September 1983, the Secretary announced that the $26 million discretionary fund was available to assist States particularly hard hit by conditions that led to the dislocated worker program.

3. During October and November 1983, more than $70 million was distributed by formula for the nine-month transition period, from October 1, 1983 through June 30, 1984.

4. Funding for the twelve-month program year 1984 (July 1, 1984 through June 30, 1985) brought the total amount of Title III funding available to well over $200 million.

Title III Allocation Strategies During Phase I and the Transition Year

The observation period for the Phase I study (ending January 15, 1984) was conducted during the early stages of JTPA implementation. Primary emphasis in most States was on Title IIA where existing CETA service providers could be used to a certain extent. However, for Title III, new allocation strategies and arrangements had to be devised to serve dislocated workers -- a population that differs substantially from the economically disadvantaged Title IIA or CETA population. Because the Title III program was in a state of flux during FY83 and the early part of the transition year, this section will focus on allocation mechanisms that were in place at the end of the transition year.

Overall, by the end of the transition year, ten States were allocating Title III funds to specific projects on an RFP basis; one State earmarked funds for the SDAs and distributed the money on an RFP basis; seven conducted statewide Title III programs; one distributed predetermined allocations to county governments on a project basis; and one used a dual approach, distributing 75 percent of its Title III funds by formula to the SDAs and the other 25 percent by RFP (see Table 9-1).

The RFP process remained popular during the transition year for these reasons:

1. It enhances State control by allowing States to select only those projects consistent with State policies (often for economic development);
2. It ensures that meritorious projects will be selected -- a particular concern when resources are limited;
3. It allows States to target resources on projects in areas with severe problems; and
4. It entails minimum State input in local program planning and operation.

A major complaint about the RFP process is the lengthy procedural requirements which, some officials feel, prevent a quick response in urgent situations. Another problem is that the technical requirements and detailed guidelines of the RFP process may result in a systematic bias against small operators from rural SDAs. These concerns lead to changes in some States.

Table 9-1. Title III Allocation Mechanisms during TY84[1] and PY84 used for Non-discretionary Funds

Allocation Mechanisms	TY84	PY84
General RFP process (Statewide coverage not guaranteed)	A,E,G,K,N	A,E,G,K,L,N
Project basis for specified areas (may or may not use an RFP)	C,I,L,O,R	M,O,R
Funds earmarked for SDAs and distributed through RFP process	P	I,S
Statewide non-RFP	B,D,F,H,J,Q,T	B,C,D,F,H,J,Q,T
Formula-funded to specific SDAs/counties	--	--
Formula-funded to all SDAs/counties	M	P
Predetermined allocations distributed to each SDA/county on a project basis	S	--

[1] The Transition Year mechanisms are those that were in effect at the end of TY84.

NOTE: Each of the 20 States in the sample is designated by a capital letter. This table represents the allocation mechanism used for the largest proportion of States' formula allocations. Several States retained some formula funds for a Governor's discretionary fund or as a "rapid response fund."

These changes are discussed below in the section on PY84 allocation strategies.

Problems also arose in some States that operated statewide programs. In one State, difficulties were attributed to "competition and rivalry" among agencies that arose during FY83. To combat this problem, in TY84 a dislocated worker team, with a member from each agency as well as the private sector, was set up to plan and manage program development. The State Employment Service was contracted as a program operator and began providing services through its local offices.

Another State operating a statewide program had substantial problems with program implementation during FY83 (e.g., timely expenditure of funds and in the definition of a dislocated worker). The Associate reports that in this State which had targeted specific plant closings, "bureaucrats were unable to consummate an effective working relationship between local government, management, and labor leaders." As a result, in TY84 this State instead funded a "Special Employment and Training Center" in a local Employment Service Office in each SDA. The centers, which serve anyone who "walks in" and meets the basic eligibility criteria, offer a range of services that may include job counseling and placement, supportive services and referrals to community colleges and vocational technical institutes. This approach was adopted in PY84 in another State that had problems expending its Title III allocation.

Title III Allocation Strategies During PY84

Six States made major changes in allocation mechanisms during PY84. These changes were:

- One State, which previously formula funded specific SDAs and used an RFP process, started operating on a project basis for specified areas. This change resulted from extensive lobbying of the State Council by the State's Department of Labor staff. The State staff works jointly with SDAs and other service providers on project development (although no RFP has been issued). A statewide network has also been established for pre-layoff assistance.
- One State which found that it was not receiving enough applications through the RFP process has established 19 dislocated worker centers statewide in local Employment Service offices.
- Two States earmarked a large proportion (75% and 85%) of the funds by formula to SDAs, but retained control at the State level. In the larger State, the State retained decisionmaking, contracting and monitoring prerogatives ." The Associate writes that "My impression is that . . . proposals submitted by SDAs are funded if they conform to the stipulations in Federal and State laws, the service providers have reasonable track records and they are appropriate given local economic conditions. In the smaller State, the appropriate SDAs review proposals and make recommendations to the State, but, the Associate writes, "If it were so inclined, and it was in some cases, [the Department of Labor] would award a contract over the negative recommendations of the SDA."
- One State formula funded 80 percent of its funds to all SDAs (in TY84 funds were earmarked for SDAs and distributed with an RFP) and retained 20 percent to be used at the Governor's discretion upon recommendation from the State Council.
- One State that had used an RFP process for geographically targeted areas, lifted the targeting requirements and implemented a statewide RFP process.

The following allocation mechanisms were used to distribute the bulk of States' Title III program year 1984 funds (see also Table 9-1): six States used a general RFP process; eight States conducted statewide programs; three States funded projects in specified areas (and may or may not have used an RFP process); two States earmarked funds for SDAs and distributed them through an RFP process and one State formula funded SDAs. It must be emphasized that in a good number of States these allocation mechanisms were used for between about 65 percent and 90 percent of the total formula Title III allocation, while the remainder is retained as a "Governor's discretionary fund," or as a State controlled "rapid response" fund or to address statewide dislocated worker problems.

SDA Involvement in the Allocation Process

During both the transition year and program year 1984, SDA involvement in the Title III allocation process has been minor. Indications are that, in general, States are continuing to centralize their control over the program. For example, in the one State that formula funded 80 percent of its PY84 allocation to SDAs, a committee of the State Council and the State's Department of Labor staff have recommended formula funding 50 percent of PY85 funds and retaining 50 percent at the State level. This has been approved by the full Council.

Six States used a general RFP process. Another eight States ran statewide programs. As discussed above, in one of the States earmarking funds for SDAs but distributing them through an RFP process, the State staff has overruled SDA recommendations. In light of this, one might ask whether SDAs have any role in the selection of Title III projects at all. To answer this question, the Associates were asked to respond to the question of whether the SDAs were involved in the allocation of Title III funds, particularly project funds.

As might be expected, in the eight States operating statewide programs, there is virtually no SDA involvement. In the State which uses a Dislocated Worker Team to run the program, one SDA representative sits on the team (this is a multi-SDA State).

In the six States using a general RFP process, the role of SDAs is not much greater. In four of these States, Associates report that SDAs are not involved in project selection at all. In another State in this group, SDAs may review and comment on proposals originating in their jurisdiction. During PY84, the Governor's Office in this State eventually made all SDAs eligible to submit proposals for Title III funds. However, the burden of proving the need for assistance was on the SDAs and, the Associate writes "only a minimal number took advantage of the opportunity." In the other State using a general RFP process, SDAs may veto proposals from service providers in their jurisdictions. During an early funding round, the project rated highest by staff was not funded because of SDA opposition. The Associate in this State writes:

> SDAs are wary of the funding process, and the rural SDAs are increasingly disinclined to get involved, feeling that the money is going to tilt in the direction of the heavily industrialized, politically influential area of the State. [The Title III administrative unit's] credibility in this regard was not helped when they established an "objective" funding process in PY84, called for proposals, rated them according to published criteria -- and found that no project from this area qualified for funding. At that point they pulled $1 million out of the RFP and invited agencies in this area to apply for it in a separate RFP.

In the three States which funded projects in specified areas during PY84 (and which may or may not have used an RFP process), SDA involvement was also limited. In one of these States, the SDAs can and do initiate requests for funds, and were frequently the grant recipients. In another, the SDAs are not "officially involved" but help provide information to the Title III committee on proposals from service providers. In the third State in this group, each SDA receives $20,000 annually for administrative expenses and to start projects that are highly likely to receive State funding approval. The Title III staff in this State also work jointly with SDAs and with other providers to develop proposals.

9.2 Sources of Matching

To qualify for Title III funds, each State must provide matching funds equal to its formula-funded allocation for fiscal year 1983, the transition year, and PY84. As noted earlier, the match is reduced by 10 percent for each percentage point that the State's unemployment rate exceeded the national average in the prior fiscal year.

The Phase I research found that most States designated matching sources but passed the responsibility of generating the match to program operators. The sources most often used were the employer's share of wages paid under an on-the-job training contract; the participants' unemployment insurance benefits; in-kind contributions from State staff services, such as labor market information from the Employment Service; and the non-tuition costs of community colleges and State vocational and technical schools. Some States that relied on these sources were forced to use on-the-job training almost exclusively, or to concentrate enrollment efforts on persons with unemployment insurance benefits or those interested in attending vocational school or community college.

During the transition year, Associates reported little change in the States' handling of the match requirement. Nineteen of the 20 sample States were subject to the requirement.[2] Eleven passed this responsibility on to program operators; five passed it to subgrantees without designating a source for a match; and only three met the requirement through appropriations by the State legislature.

The most commonly used sources for generating the match continued to be the employers' contribution for wages paid under on-the-job training contracts (ten States); and in-kind contributions from State staff services or the nontuition share of the budget for State institutions providing Title III services (eight States). Five States used in-kind contributions from the private sector.

The use of unemployment insurance benefits, the employer's share of on-the-job training wages, and in-kind contributions as the source for the match means that the match does not generate any additional resources for the program. In six States, Associates reported that the match was met almost entirely through in-kind contributions. By relying on in-kind contributions, States avoided the problem of trying to locate program operators who could generate the required match by enrolling unemployment insurance recipients. This, in turn, has allowed the operators to broaden their program targeting. Even the three States that appropriated "real" (cash) matches for the program also encouraged operators to generate acceptable matches.

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[2] One State was not required to match the Federal allocation because of its high unemployment rate.

Although liberal use of in-kind matching sources significantly reduced the problems of meeting the matching requirement, three States continued to report problems at the time of the second observation. Paperwork was the problem in two States; several proposals were withdrawn when the contractors were informed of the paperwork requirements associated with the match. In the third State, officials pointed out that their management information system is not equipped to identify unemployment payments to Title III participants.

9.3 State-Level Targeting for Title III

JTPA targets Title III services to unemployed people who have lost their jobs due to labor market changes. Specifically, Section 302 of the act identifies three groups eligible for Title III:

1. People who have been terminated or laid off, cannot collect unemployment insurance because they are ineligible or have exhausted their entitlement, and are unlikely to return to their previous industry or occupation;
2. People who have been terminated because of the permanent closing of a plant or facility; and
3. People who have been unemployed for a long period and have limited opportunities for finding work in the same or a similar occupation near where they live. This includes older persons who have trouble finding new work because of their age.

The act gives States the responsibility for identifying dislocated workers[3] and great latitude in determining who will be served. States can allocate funds on a statewide basis or by project; they can base the distribution on geography, industry, occupation, or age; they can fund particular projects with their own targeting criteria; or they can leave targeting decisions to program operators.

Target Population

The first report on State-level targeting noted that States made decisions about targeting, project selection, and organizational strategies simultaneously. In several States targeting decisions evolved slowly, lagging behind other Title III activities. This section examines how targeting has evolved on the State level during the transition year and during program year 1984.

During the transition year, five States -- a quarter of the sample -- narrowed the eligibility criteria. These States organized their dislocated worker programs on an RFP/project basis. Targeting decisions were generally made by officials of the State agency administering the program. Staff members from these departments assumed responsibility under Title III for many functions handled by the State Council under Title IIA. Only one State Council was able to play a policymaking role for Title III.

A State's interest in targeting decisions and Title III program organization often reflected its desire to use the dislocated worker program as a tool for economic development.

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[3] The legislation (Section 302.b) stipulates that States may allow local PICs to assist in identifying dislocated workers.

There was also concern that the broad language of the law would lead to project-level targeting inconsistent with the States' overall plan for using Title III resources. States devised specific criteria so that program operators would distinguish between a narrow group of workers legitimately displaced from the labor market and those suffering from periodic spells of unemployment.

For example, two States in this group (States narrowing the eligibility criteria) targeted services to persons unemployed because of layoffs due to technological change, foreign competition or a permanent plant closing. Another example of narrowing the focus of eligibility criteria occurred in a State that organized Title III through a network of community colleges. In this State, a person is eligible for Title III if he or she worked for at least three years in a particular occupation, and if employment in that occupation was growing slower than overall employment in the State. Further, the applicant must have been terminated from a job in that occupation within three years of the time of application (although other full-time work was allowed during this "adjustment period"), and must have been seeking a job for at least one year.

Three other States in this group limited Title III services to the long-term unemployed. On the grounds that the program was not intended to update the job skills of persons who had not worked in several years, they gave priority to people who were eligible for, were receiving, or had recently exhausted unemployment insurance payments.

Seven sample States did not add to the targeting in the legislation, but chose projects that met unwritten State "threshold" requirements. This shifted project targeting to local operators, allowing them flexibility to identify dislocated workers in their labor market area. However, final approval of the targeting decisions was reserved to the States. Officials in these States point out that imposing specific eligibility criteria on local operators introduces unnecessary rigidity in the program. One State in this group dropped its detailed targeting requirements because feedback from program operators suggested that workers obviously displaced from the labor market were being excluded from the program.

Another State in this group allocated Title III resources by a formula measuring the local unemployment rate as a percentage of the statewide average. A third State used labor market data to identify areas of high unemployment with declining industries. Dislocated worker projects were then selected competitively in these areas. In this State most Title III funding was distributed to projects serving workers laid off from the petroleum refining, chemical, food products, and fabricated metals industry.

Eight of the 20 sampled States had no particular focus on specific groups of dislocated workers. Targeting decisions were left to program operators, although some States provided limited guidance. Four of these States operated statewide Title III programs; the operators were usually State agencies. In these States, the policy was to serve anyone who "walks in" the door, or to provide services individually. Locating the program in State agencies was thought to ensure that program operators would identify and serve dislocated workers.

During program year 1984, some further refinements in the definition of a dislocated worker evolved. Associates note two sample States that further narrowed the definition and one State which had had a narrower definition during the transition year but expanded the definition during program year 1984 to conform with the law.

At the request of an SDA, one State narrowed the definition of a dislocated worker to exclude public employees. In another State, the administrative unit responsible for Title III decided that workers refusing a company's offer for retraining or transfer to another plant are ineligible for Title III assistance. However, if the worker lacked the necessary qualifications (i.e., work experience or educational background) to enter company paid retraining, the individual would be eligible for assistance.

The State which expanded its definition to conform with the definition in the act, initially had a restrictive definition that required U.S. citizenship, State and target area residency and (except in cases of major plant closings) two years work experience in the same occupation and a minimum age of 22. The criteria were then revised to eliminate the citizenship and work experience requirements, but retained the residency and minimum age requirements. In February 1984, the State adopted the definition in the act.

Other changes which enlarged the population eligible to be served included allowing farmers to receive assistance, including underemployed and self-employed persons and giving priorities to certain target groups such as women, minorities, older persons and the disabled.

Not surprisingly, farmers are of special concern in the midwest. In one midwestern State, the definition of a dislocated worker was explicitly changed to include farmers. In another, farmers are eligible for assistance and the State is gathering data to submit a discretionary proposal for farmers. Two other

States in the region are considering inclusion of farmers in the definition for program year 1985, and a fifth State is considering adding farmers as a targeted group.

Some targeting toward farmers has been implemented or is being considered in other areas of the country. Toward the end of program year 1984, one southern State approved a Title III project targeting farmers. Associates indicate that one western State serves farmers, and in another farmers are considered on a case-by-case basis. One small eastern State is considering including farmers as a target group and another serves farmers "if they meet the criteria for funding under Title III."

The same midwestern State mentioned above as explicitly expanding its definition of dislocated workers to cover farmers, also now may serve underemployed persons and those who have been self-employed. The Associate writes "Thus, a person can be served if they have been laid off even if they have accepted a temporary job at a lower wage (60 percent of their previous wage rate)."

Some targeting of special populations (minorities, women, older persons, the disabled, etc.) has evolved in a few of the 20 sample States. This is most explicit in one State where all Title III proposals are required to establish planned service levels for:

1. Women;
2. Minorities (total and by subgroup)
    Black (not Hispanic)
    Hispanic
    Native American/Eskimo
    Alaskan/Asian;
3. Handicapped;
4. Older individuals (55 years and older); and
5. High school dropouts.

In this State, which utilizes an RFP allocation process with six priority areas, one of the priority areas is targeting one or more of these special groups.

Displaced homemakers have not been explicitly targeted in any of the 20 sample States, but are eligible in some States. And a labor organization that is a major service provider in a State with a statewide program was in the process of expanding its services to include displaced homemakers at the end of PY84. In addition, Associates in an industrialized State and a small State indicate that there are programs targeted to displaced homemakers funded with non-JTPA monies.

There have not been many other changes in targeting during program year 1984. For the most part, targeting (by industry, occupation, geographic area, plant closings, or industries with declining employment) remains similar to transition year targeting, with eight States reporting no explicit target groups. One of these States, as well as a small number of other sample States "implicitly" targeted copper smelter workers and/or steel workers because of their large representation in the dislocated worker population and the availability of the Secretary's Discretionary Funds for this purpose.

Associates in several States report a continued increase in the emphasis on economic development. A State with six priority target areas for the PY84 - PY85 funding process has two target areas with an economic development focus:

1. Coordination of Resources for Economic Development - Projects that would combine local resources to develop specific solutions to address the needs of dislocated workers, such as: employee buy-out of businesses, worker co-ops or entrepreneurship training programs. The targeted group would be

individuals who have been displaced either as a group or a single instance. The program should pull together local resources to establish a new place of employment for the targeted population.

2. Economic Development Projects linked to a specific business - Projects that establish links to specific community economic development efforts so that the efforts benefit dislocated workers (i.e., workers scheduled to be laid off from one company are trained to work for a new or expanding business in their geographic area). The targeted group would be the general dislocated worker population in a specific geographic area who will be training for employment with a specified employer. The program may be used to pull together resources and provide technical assistance for business development or expansion. The future place of employment must be specified and a commitment to hire given.

For program year 1985, one industrialized State specified target occupations for economic development. The Associate writes:

> In its RFP, the State mandates that one or more of the following service occupations must be addressed in the RFP:
>
> Computer Operators;
> Data Processing Machine Mechanics;
> Dental Assistants;
> Medical Assistants;
> Accounting Clerk/Bookkeeper;
> Dental Lab Technician;
> Dietetic Technician;
> Clerical/Word Processing.
>
> PICs which identify other occupations with rising demand in their SDAs, may submit proposals to the State's Department of Labor for training in those job fields.

The State Council in another State adopted new guidelines in June 1985 adding SDA requests for economic development as an additional priority area for PY 1985 Title III allocation of funds.

9.4 Title III Service Mix

The service mix employed during the first fiscal year for Title III reflected the flexibility granted the States to select activities and the variety of local operators who determined the activities in their projects. Program operators had the option of providing job search assistance, job development services, customized training for occupations in demand by employers, support services, pre-layoff assistance to workers who received notification of termination, and relocation assistance.

Specific changes in project-level service strategies were difficult to observe at the State level,[4] but several patterns emerged during the transition year. First, States continued to defer to the service mix decisions of local operators. In 18 of the sample States, local operators devised service strategies with minimal State guidance or assistance. State officials usually communicated only broad policy goals through State service plans or RFPs, leaving the choice of service mix to providers. The flexibility the States have for determining eligible activities and the discretion granted local operators in shaping individual programs are the key reasons for the second observed pattern in service mix -- extreme variety.

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[4] Attempting to observe the service mix at the State level posed two significant problems. First, projects established by formula-funded arrangements usually could not be identified. Second, project descriptions provided by State administrators did not always reflect the relative emphasis given to a particular service.

Several States continued to fund projects designed to locate immediate employment for Title III participants. The premise underlying this approach is that the displaced worker can find a new job with improved job search skills, such as resume writing, practice interviews, and completing job applications. These States recognized that many dislocated workers urgently need immediate income instead of training. The job search or "job club" efforts were often supplemented with job development and job placement components. In addition, an array of counseling services was sometimes provided to help participants come to grips with their employment problems.

Other States funded projects to provide displaced workers with new job skills. Typically, these projects targeted workers whose skills are considered obsolete, and who were affected by specific plant closings. These programs combined classroom and vocational training for specific occupations with on-the-job training contracts with small businesses.

There are indications that the length of time spent in these skill training programs is considerably shorter than under past employment and training programs. Some operators feel that many Title III participants already have skills and need minimal retraining. Others find it difficult to convince participants to engage in long-term training for occupations that may pay less than their previous job.

Because of the difficulties in observing service mix at the State level, Associates were not asked to report specifically on this issue for program year 1984. However, as noted in previous sections of this report, there appears to be some shifting in emphasis to economic development type activities (i.e., employer/occupation specific customized training).

9.5 Summary

In the first two reports, the early evolution of States' Title III organizational arrangements and initial implementation of allocation strategies were discussed. As the program developed over the first program year, the roles of the organizations, agencies and actors in each State were clarified. In some cases, there were major changes in organization (i.e., transfer of the program from the Governor's Office to the State's Department of Labor), while in others the balance of power may have shifted as a Governor started to take greater interest in the program, or a new Governor was elected. In general, the influence of the State Council and of the private-sector members of the Council, and interactions with the private sector in establishing joint interactions with the private sector in establishing joint programs increased during PY84, although considerable variation across States is evident.

Administrative responsibility for the Title III program in most sample States continued to be either with a division of the State's Department of Labor, with a division of another State department (i.e., Community Affairs) or with the Department of Economic Security/Employment Service. During PY84, the Governors played an active role in only a few States, but showed varying degrees of personal support and direction in the majority of States. Governors are especially interested in economic development, promoting public/private sector ties and in coordinating efforts of several State agencies.

In general, the influence of the State Council and of the private-sector members of the Council increased during PY84, although in more than a third of the sample States the Councils have a very limited role or no role at all. In one-quarter of the sample the State Councils have some oversight responsibilities (i.e., approving overall expenditure plans or clarifying eligibility standards). In six States the State Council or one of its committees plays an active role in project funding decisions.

Major changes in allocation procedures and strategies took place in several States, while most others made some minor modifications which primarily reflected both the changing roles and organizational arrangements and also the realization of the need to have greater flexibility in responding to unforeseen plant closures. The allocation mechanisms used to distribute the bulk of States' PY84 Title III funds were as follows: six States used a general RFP process; eight States conducted statewide programs; three States funded projects in specified areas (and may or may not have used an RFP process); two States earmarked funds for SDAs and distributed them through an RFP process, and one State formula funded SDAs. Regardless of the major allocation mechanism used, a good number of States retained from about 10 percent to 35 percent of the total Federal Title III allocation to be used as a "Governor's discretionry fund," or a State controlled "rapid response" fund, or to address statewide dislocated worker problems.

In most States, the roles of the SDAs in the Title III allocation process continue to be minimal compared to their involvement with the Title IIA program. Indications are that, in general, States are continuing to centralize their control over the program.

Nineteen of the 20 sample States were subject to a matching requirement. The sources most often used to generate the match continue to be unemployment benefits paid to program participants; the employer's share of OJT wages; and various in-kind contributions. Only three States provided any real match.

During PY84 a number of States narrowed or expanded the definition of a dislocated worker and others targeted special populations, but for the most part targeting remains similar to transition year targeting, with eight States reporting no explicit target groups. Farmers were eligible for assistance during PY84 in several States; other States were considering including or targeting farmers for PY85. A few sample States target special populations such as minorities, women, the disabled, older workers and high school dropouts. Displaced homemakers have not been targeted, but are eligible in some States. Targeting for employment-generating and other economic development initiatives increased somewhat during PY84 and there are indications that it will be greater during PY85.

10. TITLE III ISSUES

10.1 Title III Build-up and Expenditure Rates

The initial build-up of Title III was slow. As of the Phase I observation in mid-January 1984, more than 39 percent of the available Title III funds had not been obligated by the States and another 19 percent were committed to projects that had not enrolled participants. Problems with program organization and operations were reported to be a function of the delay in funding for TY84; early State attention to organizing activities under Title IIA; the use of an RFP process for distributing Title III dollars; competition among State actors for control over the program; and the reliance on unemployment insurance benefits as a major source for meeting the matching requirement.

By the time of the Phase II observation, many build-up problems from the early stages of program development had been corrected. By the end of June 1984, more than $94 million had been made available to the 20 sample States. Of this amount:

- 2.5 percent was allocated by formula directly to selected SDAs;
- 16.7 percent was earmarked for projects within SDAs funded through a State RFP;
- 6.5 percent was committed to projects that had not begun to enroll participants as of August 1984;
- 55.8 percent was committed to projects that had begun enrolling participants;
- 10.4 percent was committed to projects that had completed operations;

- 5.9 percent was being reserved for contingency funding by the States; and only
- 2.3 percent had not yet been committed.

There were a number of ways in which the States overcame the implementation problems observed early in the transition year. Three States decided simply to distribute Title III funds to their existing service providers. Officials in another State expressed little concern over the unobligated Title III funds in TY84. According to the Associate, the State decided to distribute the money by project to avoid the cumbersome RFP process and quickly obligate Title III resources by funding programs in "major old-line State agencies." Four States eliminated earlier allocation problems by renewing projects funded during the first fiscal year of the program. In several States, project funding levels were increased after problems developed with other funding commitments.

Officials in other States that had difficulty obligating Title III funds during TY84 suggested the problems were merely due to starting a new program. Several of these States made Title I deadlines and Title IIA activities their first priority. Once these issues were settled, they turned their attention to the dislocated worker program. Allocation activities picked up after the decisions were made about how the program should be administered. Two other States credited early development and consistent use of the same allocation strategy as major factors behind their rapid obligation of funds during TY84.

By the end of the transition year (Phase II), the sample States had obligated slightly over 97 percent of their Title III funds for the year. However, their expenditure of those funds fell substantially short of the amount obligated. As reported in their annual status reports, they had expended slightly less than two-fifths (38.9 percent) of the $94 million allocated through the end of the transition year. One-quarter of the sample States reported less than 25 percent of their funds were expended. Half of the States indicated between one-quarter and one-half of their funds were expended and one-quarter of the States reported more than half of their funds expended. Only two of these States indicate that they spent more than three-quarters of their allocation.

Given these results, an examination was undertaken of why the rate of expenditure in the transition year was so slow. First, there appears to be underreporting of expenditures during the transition year. Several Associates reported that the expenditure in their State, as reported, was incomplete or that it would be several months after the end of the observation period before they had complete reporting from the individual projects funded in the State.

Other reasons for lagging expenditure relative to obligation of funds include the following. First is the use of performance-based contracting in which funds are paid out only when performance milestones are met or when a placement is made. This means that payout of funds will always lag behind actual expenditure. Second, expenditures from some projects were reported only after the completion of the project. These two factors, along with the general problems some States experienced with attempts to develop centralized management information systems, resulted in a low expenditure rate.

There were also some programmatic factors that worked to slow the States' ability to spend Title III resources. The central factor was that Title III was a new program. In some States, new service providers required extensive training for intake procedures and eligibility determination. For example, as one Associate pointed out, "Title III is a new program and the State is not accustomed to designing programs for dislocated workers." Several States continued to grapple with the issue of devising eligibility criteria. Program operators in at least three of these States experienced technical problems or hesitated to determine eligibility for fear of audit exceptions. The following quote from the Associate in one State illustrates this problem:

> The (State) has had great difficulty with eligibility determination. The SDAs have been unwilling to proceed with Title III programs until the issue is resolved. . . . The major problem is how to handle individuals who are dislocated but have taken a temporary job at a low wage to support their family. An employee who is laid off at Boeing and takes a temporary job at McDonald's is technically employed and not eligible for Title III. This had created problems for the SDAs and the State.

Other States pointed to the inability to attract to the program workers who have become victims of plant closings. Many of these workers "persist in thinking that the plant will re-open and are therefore slow to take advantage of the job training offered through Title III." They often rely on severance pay and unemployment insurance benefits to cushion the impact of unemployment while waiting for the plant to call them back to work. This presented particular problems for Title III operators that targeted services on unemployment insurance recipients or relied on unemployment insurance benefits to provide the required match for Title III funds.

Associates from four States with expenditure rate problems pointed to State decisions to operate the program outside the SDA system as a major factor slowing the enrollment process. Administrative entities in the SDAs have staff in place and established relations with local industries, unions, and elected officials. Funding projects outside of this system requires that time be spent developing these relationships instead of building up enrollments.

Finally, several States set aside a percentage of Title III funds as a contingency for emergency plant closings. However, an improving economy has reduced the number of closings in some of these States. Some officials decided to reobligate the contingency fund to operating projects, while others reallocated the funds in PY84. In either case, the expenditure rate was reduced.

Because the expenditure rate remained a major issue, in Phase III of the study the Associates were asked to report on the current status of the obligation and expenditure of the Title III funds allocated to their State. Specifically, they were to indicate the amount of Title III carryover funds from FY83 and TY84 into PY84, the amount of these funds that were obligated by the State, and the PY84 allocation. Of this total, they were asked to indicate the amount of these funds that had been obligated, the amount expended, and the amount that was being held in a contingency fund for "rapid response" programs or as the Governor's fund for response to specific plant closings.[1]

The results of this examination are indicated in Tables 10-1 and 10-2. Table 10-1 indicates that the 20 States in the sample carried over $30.7 million of FY83, Emergency Jobs Bill, and TY84 funds into program year 1984. Of the amount carried

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[1] The specific questions regarding this allocation of Title III funds are contained in Part V of the State Report Form attached as Appendix B of this report.

Table 10-1. Title III Formula Funding in Sample States

Allocation/Carryover	Dollars (in thousands)
Carryover into PY84	30,766
Unobligated Carryover	2,102
PY 1984 Allocations	97,713
Total Funds Available in PY 1984	128,496

Table 10-2. Uses of Title III Funds in PY 1984 by Sample States

Use of Funds	Maximum	Minimum
Obligated	83%	79%
Expended through March 31, 1985	43	37
Held in Contingency Fund	3	2

over, only $2.1 million was unobligated or 7 percent of the carryover amount. In addition, these States received $97.7 million in PY84 funds, excluding any discretionary funds, for a total amount of funding available in program year 1984 of $128.5 million.

Also in Phase III, the Associates were asked to report on the status of the Title III funds available in PY84 as of the end of the third quarter (March 31, 1985). The reason for setting the date as of the third quarter was that the field observation period ended before full program year 1984 expenditures would be reported.

Associates were asked to report the amounts of funds available in PY84 that had been obligated, expended or reserved for contingency use by the Governor. However, the reporting of uses of funds by State staff was not entirely straightforward and required a good bit of examination by the Associates and explanation of the true status of these funds in the Associates' field reports.

A few examples from the Associate reports are in order to provide an understanding of what the status of funds in the table means.

- In one State, officials indicated that they were holding $1 million in a contingency fund. The Associate noted however, that the State had $2 million (roughly half their allocation) unobligated as of March 1985. Under these circumstances, it is difficult to believe that such a large contingency fund was needed.
- Another State carried as unobligated $800 thousand that, in fact, was to fund an RFP that had been issued. Proposals were due prior to June 1985.

- Another State indicated that they had allocated $1.6 million to a contingency fund. The Associate noted that all but $400 thousand had been spent.

- Another State with a very low expenditure rate indicated that it had set aside (obligated) half its allocation to fund OJT contracts for dislocated workers written by local Employment Service offices. The Associate noted, however, that these funds were being held by the State and there was no indication that the local ES offices knew that these funds were available.

For the reasons outlined in the examples given above as well as qualifications of the status of funds in other States, Table 10-2 contains two columns. In the first (maximum) column, where variations in interpretation of the status of Title III allocations were possible, interpretations were made that maximized reported obligation and expenditure of funds. In the second (minimum) column, interpretations were made that minimized reported obligation and expenditure.

The resulting differences between the two columns are not that large, but are indicative of some of the ambiguities surrounding the expenditure rate issue and the need for interpretation of reported data as well as the difficulty of collecting this kind of information, particularly other than at the end of a program year.

The real difference indicated in Table 10-2 is between the amounts obligated and expended. While on average the majority of the funds had been obligated by the States as of the observation date, only half of the amounts obligated had been expended.

Table 10-3 indicates the distribution of obligation rates across the States in the sample. The distribution in Table 10-3 illustrates two points. First, the majority of the States in the sample are fully obligating their Title III funds to programs and projects. In fact, one-fourth of the States in the sample had obligated 100 percent of their Title III funds. Associates in several other States indicated that the State would obligate all of their funds by the end of the program year.

Table 10-3. Percent of Sample States with Various Proportions of Title III Funds Obligated

Obligation Rate	Percent of States
Less than 50 percent	25
50 - 74 percent	15
75 - 84 percent	5
85 - 94 percent	20
95 - 100 percent	35

At the same time, Table 10-3 also indicates that some States in the sample were having difficulty obligating their Title III funds. One-fourth of the sample States had obligated less than half the Title III funds available to them at a point three-quarters of the way through the program year. At the bottom of the range was a State that had obligated only 28 percent of its funds by this point. Thus, while a majority of the States were fully obligating their funds, one-fourth of the States were experiencing difficulty in doing so.

The States experiencing difficulty in committing funds had in common the procedure used to distribute Title III funds. Two made the funds "available" to the SDAs (upon application) but held the funds at the State level. In these States, applications were well below the amount of available funds. The other States in this group set aside or allocated their Title III funds, or a substantial part of them, to support OJT or training of dislocated workers by local ES offices, but also held the funds at the State level.

As noted in the previous chapter, several of these States have changed their allocation procedures to improve allocation and expenditure of funds. For example, one State in this category added the funds to the ES office budgets. According to the Associate in this State,

> The expenditure rate has been picking up rapidly. They had spent 35 percent as of March 31, 1985, but 52 percent as of April 30, 1985 (percentages include carryover).

The distribution of expenditure rates is shown in Table 10-4. The expenditure rate calculated is the percent of obligated funds that had been expended. This appears to be a case in which the average expenditure rate in Table 10-2 is somewhat misleading because the distribution is bimodal. Two-thirds of the States in the sample had expended more than half the Title III funds they had obligated and almost one-fourth had spent three-quarters or more of their obligated funds.

Table 10-4. Distribution of States with various expenditure rates (percent)

Expenditure Rate	Percent of States
Less than 25 percent	6
25 - 34 percent	22
35 - 49 percent	6
50 - 74 percent	44
75 percent or more	22

At the other end of the distribution, roughly one-fourth of the States in the sample had spent less than 35 percent of their obligated funds. Of particular interest is the fact that the States in the low expenditure group are, with minor exceptions, the same States identified earlier as having low obligation rates. Further, what these States have in common is the procedure by which they have, or had, been allocating their Title III funds.

Thus, it would appear that there is an obligation and expenditure problem, but it is concentrated in one-fourth of the sample States that hold in common a particular allocation procedure. The majority of the States seem to have no difficulty in obligating funds. Further, the average expenditure rate among the States in the top two categories of the distribution (more than half of obligated funds expended) is 86 percent.

However, beyond an obligation and expenditure problem in a minority of States, there are lags built into the allocation and expenditure strategies used for Title III. Thus, even among the majority of States that will obligate all of their funds in the program year, there will be less than complete expenditure of those funds in the program year. Carryover will probably be in the range of 25 to 40 percent. Some of the reasons for this are as follows:

- Lags between the allocation of funds to an RFP and the actual contracting of funds to eventual successful contractors.
- Lags between the allocation of those funds and the eventual drawing down of obligated funds under a performance-based contract.
- Lags between the obligation of funds to, for example, OJT contracts with an employer and the actual reimbursement of those wage contracts, often at the end of the contract.

- Obligation of funds to projects that never get off the ground due to the use of new contractors who are not in a position to run a large dislocated worker project.

- Obligation of funds to projects that do not completely spend the funds within the time period of the contract, leading to de-obligation and re-obligation of the funds.

- Obligation of funds to multi-year projects funded out of current year allocations.

- Allocation to a contingency fund which may not be fully utilized resulting in reobligation in the succeeding year.

Some examples of these processes are indicated in the following quotes from Associates. The first is from a rural State.

> Although expenditures appear low in relation to total funds available, the Title III staff argues that three factors need to be considered. First, obligations accrue in lump sum totals while expenditures accrue over months. Second, because of Federal budget uncertainties, this State had adopted the practice of funding dislocated worker projects in total from each annual Title III allocation so as to avoid obligating a succeeding year's allocation in advance. Third, the "crisis" nature of the Title III program (i.e., its targeting of funds toward workers laid off because of a plant closing (that sometimes take place in the State without much forewarning) virtually impels the State to keep a substantial reserve of funds through the year.

Beyond this, the Associate in another State indicated the following problems:

> Staff responsible for the Title III funds gave the following reasons for the difficulties which the State is having in spending Title III funds:
>
> - The match has been and continues to be a problem;

- There are not jobs available in some SDAs so their allocation does not get spent;
- The workers themselves tend to turn down retraining under Title III because the jobs will not be as good as the ones they lost; and,
- Most contractors are old CETA and are not familiar with dealing with this clientele.

As the Associate in this jurisdiction, and others noted, the JTPA administrative entities and the contractors selected, are not used to dealing with the population of dislocated workers. This can create not only contractual and start-up problems but also miscalculation of budgetary cost resulting in de-obligation and re-obligation problems mentioned above.

10.2 Secretary's Discretionary Projects

The Secretary of Labor may award on a discretionary basis up to 25 percent of the funds appropriated for Title III. These funds are to be made available under Section 301(a) of the act:

> To serve individuals who are affected by mass layoffs, natural disasters, Federal government actions (such as relocation of Federal facilities), high unemployment areas, or designated enterprise zones. These circumstances must be sufficiently severe so that:
>
> (a) The needs cannot be met by other JTPA programs or other State and local programs; and
>
> (b) A substantial number of individuals concentrated in a labor market area or industry is affected.[2]

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[2] Federal Register, Vol. 48, No. 51, Tuesday, March 15, 1985 p. 11088, Subpart C - 631.22.

Generally, to qualify for these funds, Governors submit applications to the Secretary pursuant to instructions issued annually by the Secretary specifying the application procedures, selection criteria and approval process.[3]

Applications for Secretary's Discretionary Funds During Program Year 1984

Associates were asked to report on whether the sample States applied for PY84 Secretary's discretionary funds and the status of the States' applications at the time of the Phase III observation. It should be noted that because the Phase III observation occurred before the end of PY84, applications reported as pending may have either been approved or denied (although some may have been carried over into PY85).

Of the 20 sample States, 14 States applied for discretionary funds for one or more projects during PY84; six did not apply. States varied in the number of proposals submitted. Six of the 14 submitted two or three proposals, four States requested funds for just one project, and four States submitted four or more applications.

As of June 1985, nine of the 14 States had received approval for one or more projects, and five had had all projects applied for denied. In all, 41 proposals were submitted by these 14 States. As of the Phase III observation, 17 projects had been funded, seven were pending and 17 had been rejected.

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[3] Federal Register, Vol. 48, No. 51, Tuesday, March 15, 1985, p. 11088, Subpart C - 631.23.

Selection of Projects for Submission

Generally, States which use a general RFP process to allocate the bulk of the formula funds, also use an RFP process to select discretionary projects for submission. For example, one State has two separate RFP processes but the standards for selection are the same. In another State the same staff team rates all Title III projects. Projects that meet formula funding criteria, but do not make it through the competitive process, are submitted for discretionary funds. In a third State in this group, the State's Department of Labor staff submit the "most meritorious proposals" (for major plant closings) for discretionary funding. The Associate indicates that these projects would receive priority for receiving formula funds if the discretionary monies were denied. In these States, this process alone would slow the obligation and expenditure of formula funds. During PY84, discretionary funds were also used in this State to supplement funds for ongoing projects that were already supported by labor organization resources, and Federal formula funds. Another State in this group has also used discretionary funds to complete programs that are started with formula funds.

In contrast to these States that use an RFP process, in a State which has a statewide program, the Associate indicates that State staff believe that discretionary funds should be used as "contingency funds" for unexpected plant closings. This State will not have a contingency fund (funded with formula monies) for PY85. In another State, which had both its applications denied in PY84, the Governor supports projects for "political reasons." Both applications in this State were for operators that had already been running Title III projects.

Reasons for Not Applying for Discretionary Funds

Of the six States in the sample not applying for PY84 discretionary funds, Associates indicated that four reported having adequate funds or carryovers from previous years. For example, one State had received $1 million in discretionary funds during the transition year, and had applied for and received an extension for expenditure of these funds. No additional discretionary funds were requested, the Associate reports, since the State's Title III director "stated that his interpretation of the U.S. Department of Labor's position was that they would not give discretionary fund grants if formula funds had not been expended or obligated." The fifth State which did not apply for discretionary funding and which used an RFP process to select projects, set a May 30, 1985 deadline, by which time all PY84 discretionary funds had been allocated. Finally, a midwestern State had not applied because of its low overall unemployment rate, but it is considering applying in the future for projects for bankrupt farmers and/or the building and construction trades.

10.3 Title III Performance Standards

The Department of Labor did not set numerical performance standards for Title III projects applicable to either the transition year (TY84) or the first program year (PY84). However, Governors were required to establish an entered employment rate (EER) for terminees from the formula-funded portion of their Title III program in PY84. The few standards for Title III that were specified during TY84 were primarily derived from Title IIA standards.

The TY84 experience could have provided the project experience upon which to base performance measures for Title III projects initiated in PY84. In fact, few States seem to have specifically referred to the TY84 experience in establishing performance standards for PY84 Title III programs. This section examines the implementation of performance standards during program year 1984. It includes discussion of each of the standards the sampled States chose to implement and concludes with a section on the perceptions of State officials toward performance standards.

In the transition year (Phase II) report on this study, it was reported that only four of the 20 sampled States had not implemented any performance standards for Title III. Although officials indicated that it was only a matter of time before standards would be implemented, as of June 1985, two States had not implemented formal Title III performance standards. Officials in one of these States felt that performance standards for Title III are a non-issue because, as the Associate writes, "Title III projects involve the retraining of established workers and placement rates have been high." However, there are performance "goals" (placement rates, entering wages, etc.) in this State and dislocated worker projects are expected to meet or exceed Title IIA standards. An official in the other State reported there being "no uniform feelings about [performance standards]." However, the Associate notes that all proposals and approved projects must meet the broad standards of 70 percent entered employment rate and a maximum of $5,000 cost per participant, although there are no sanctions attached to not meeting these criteria.

Entered Employment Rate

Eleven of the 18 States implementing performance standards for PY84 set a statewide performance standard for the entered employment rate (EER) for terminees from Title III projects contracted in PY84. Two of these States set standards identical to the national Title IIA standards, and thus set an EER of 55 percent. Another two States in this group set entered employment rates below the Title IIA standard (at 50 percent and 50.4 percent), and a third at 55 percent (although this State's other standards differed from Title IIA standards). The PY84 entered employment rates in the seven other States in this group ranged from 60 percent to 80 percent, with most falling between 60 and 65 percent.

Another group, consisting of five States, set different entered employment rates for different projects or groups of projects. In the two States operating dislocated worker centers, one negotiated an EER for each center based on its transition year experience, and the other set standards or goals for each center "such that one funded position in a local office should account for a certain level of activity." In the other three States in this group, each Title III contractor had to meet the Title IIA adult entered employment rate standard for the SDA in which it operated.

The two other sample States implementing performance standards for program year 1984 took a slightly different approach. One State set entered employment rates according to the type of services the Title III participant received. These were set at 50 percent for job search assistance activities, 60 percent for classroom training and 70 percent for on-the-job training. The other State set different entered employment rate standards for each of its priority target areas. These ranged from a low of 60 percent for projects targeted towards special groups (minorities, women, the handicapped, older individuals or high school dropouts), to 75 percent for plant, occupation or industry specific projects and for coordination of economic development resources, to a high of 85 percent for economic development projects linked to a specific business.

Cost Per Placement

Twelve of the 20 sample States set cost per placement standards in PY84. Ten States set numerical statewide cost per placement rates. Two of these used the Title IIA standard of $5,900. The standards in eight other States ranged from a low of $1,500 to a high of $5,704. As with the entered employment rate, one of the States with dislocated worker centers negotiated cost per placement standards based on transition year experiences. One of the States taking a different approach for entered employment rate, also set costs per placement for each priority area -- ranging from a low of $2,000 for plant specific projects to a high of $4,000 for projects targeting special groups. The other State set a uniform cost per placement standard of $4,850 for participants in all activities.

Average Wage at Placement

About half of the 20 sample States set an average wage at placement standard for Title III projects. Of these, three used the statewide Title IIA adult standard of $4.91; one State required the projects to conform to the Title IIA average wage standards for the SDAs in which they operated, one State set an average wage level lower than the Title IIA standard ($4.29) and the remainder set wage standards ranging from $5.25 to $5.40.

Other Performance Standards

Generally, the PY84 standards for Title III programs in the 20 sample States were limited to entered employment rate, cost per placement, and average wage at placement. However, a few States set additional or alternative standards. One State set a welfare entered employment rate of 39 percent, and another a maximum cost per participant of $2,500. Two States implemented standards related to earnings increases. One requires an earnings increase of 12 percent, and also has a standard of 12 percent for "earnings gained per dollar expended." This State also requires that 15 percent of the placements be in new or expanding industries. The other State set a percentage of "mainstream wages" (wages on job from which the worker was displaced) for each of its priority target groups. These were set at 80 percent for plant specific projects and economic development projects tied to a specific employer and at 75 percent for other groups.

Perceptions of State Officials Toward Performance Standards

Associates report a wide range of attitudes among State officials toward Title III performance standards. Although most States with projects indicated that performance standards were included in the contracts and some States operating statewide programs through one or more State agencies (i.e., the Employment Service) also reported including standards in their contracts, the degree to which the standards are enforced and the ease with which they may be met reflects varying State philosophies on the issue of performance standards.

There are indications that the two States which set statewide EER standards below the Title IIA standard may have set these standards low partly to "look better." The Associate from one writes:

> Staff respondents indicated candidly that these rates were set low and that that is part of the game of performance standards which they are willing to play.

The actual PY84 EER in this State far exceeded the standard. The Associates from the other State with a "below Title IIA" EER, which had originally set other standards for PY84 equal to Title IIA standards, reports that the only standard actually used to measure performance success was EER, although the State's Department of Labor also collects, maintains, and reviews data on wage levels and cost per placement.

State officials in one of the States using across-the-board Title IIA standards "recognize that these may be inappropriate, but are waiting for the Secretary of Labor [to make a recommendation]."

In contrast, Associates from other States indicate that performance standards clearly have an effect on project performance and on the likelihood of a project being refunded. For example, the Associate in a State that utilizes performance-based contracts writes:

> My conclusion is that the performance standards are reflected in the Title III project contracts to a great extent either directly or indirectly through performance-based incentives.

Another Associate writes:

> Operators submit monthly reports to the State staff who collect the operational data and calculate the

> performance standard values. . . . The performance standards had an effect on the decision of the Council to recommend funding of two proposals. The PY84 RFP rating system put 36 percent of its points on past performance and the ability to meet performance standards in the future.

10.4 Monitoring and the MIS

During PY84, the 20 sample States used various monitoring procedures and organizational configurations to track their Title III programs. In the majority of States, the monitoring process incorporates or makes use of the MIS. A number of issues related to monitoring will be discussed first, followed by a section on the MIS. One issue is the location of the unit which does the monitoring, and its relationship to the office with administrative responsibility for the Title III program. A second issue is whether there is one monitoring system for all titles of JTPA, or separate systems and/or procedures for Titles IIA and III. A third issue relates to whether the financial monitoring is done by the same unit responsible for the program monitoring and to the differences in procedures between the financial and programmatic monitoring. A fourth, and perhaps the most important issue, is whether or not the monitoring results feed into the funding/refunding process.

While it is too early to tell what arrangements will emerge on a long-term basis, there was some variation among the 20 sample States during PY84. In approximately half of the States in the sample, the same unit which has administrative responsibility for the Title III program has at least partial responsibility for monitoring the program. (In several States, the financial contract compliance monitoring is handled by another unit.) In most other sample States, Title III monitoring is done by a separate unit which is part of the same umbrella agency that houses the administrative staff (i.e., the State's Department of Labor) or sometimes within the same division in that department. Frequently, these units are located in close physical proximity, and there is much interaction between administrative and monitoring staff. One Associate writes:

> The monitoring unit (MIS) is part of the [JTPA division], physically located in the same building.

Another Associate indicates:

> The staff are in a different unit from the administrative staff. Obviously, they work closely together and are physically separated by about 100 feet. There is much interaction between the staff responsible for project development and funding.

In the States with separate monitoring units, in one case the office responsible for economic development administers the Title III program, but monitoring is conducted at the State level by the job training section. In another, where the program is administered by the Governor's office, monitoring is done by the State's Department of Labor.

Although the organizational arrangements and procedures for Title III monitoring vary across the sample States, there are some common patterns. About one-quarter of the States use the same staff and the same procedures to do both Title IIA and Title III monitoring. Almost half of the other States have arrangements and procedures that are similar to the Title IIA procedures. Some of these have one system or similar processes for all JTPA titles although different staff may be assigned to Title III monitoring.

All 20 States monitor both programmatic and financial aspects of their programs. States using MIS systems as part of the monitoring process (discussed below) are likely to generate monthly reports on participant data. Financial reports are more likely to be issued quarterly and tend to emphasize planned versus actual expenditures. Desk reviews of MIS reports are usually supplemented by on-site field visits to projects. The frequency of field visits varies. In some States, field visits may be triggered by negative results from the MIS -- or may occur on an "as needed basis" for technical assistance. Other States schedule field visits once or twice a year. One State covers all projects once in a two-year cycle. The Associate in that State reports that "an operator is given several months advance notice." One State that does full monitoring once a year follows procedures similar to Title IIA (i.e., during a fixed three-month period annually), except that Title III monitoring takes place throughout the year. The Associate writes that "pre-monitoring [is done] for new program providers within two weeks after start-up; all other Title III programs are monitored three weeks after start-up."

The thoroughness and nature of the monitoring varies considerably and is related to how the results feed back into the funding process. For instance, in one State the Associate reports:

> Staff indicated that most [Title III contracts] are monitored only once or twice a year and then primarily on a procedural and financial basis -- not real performance monitoring.

In this State, a desk monitoring of MIS reports may lead to a field visit by the monitoring unit. However, late in May 1985 the technical assistance unit of the State's Department of Labor began writing technical assistance reports for each Title III project which included comparisons of planned versus actual costs, enrollments, and placements.

In most of the sample States, the results of the monitoring process are designed to feed back into the administrative and/or funding process. Several Associates describe concrete examples where this has taken place:

> In one State two projects were dropped because of monitoring results and the projects' inability to remedy the situation.
>
> * * *
>
> In two States the monitoring results are used to inform the State Council of problems. In one of these, the Associate writes, "the Council's Monitoring Committee has used monitoring results to justify rejecting proposals from youth program operators. Therefore it is reasonable to assume a negative finding on Title III would be considered in the refunding process. However, so far no negative reports have been made on Title III."
>
> * * *
>
> Another State uses monitoring results to request corrective action plans, although none had required changes in funding as of late spring 1985.
>
> * * *
>
> The selection of PY84 Title III projects in another State "included a demonstrated effectiveness scoring process by which performance versus plan on seven items [3 performance standards, fiscal reporting compliance and service to women, minorities and handicapped] was converted to a score, and added to the proposal rating score. . . . The demonstrated effectiveness score could account for a maximum of about 6 percent of the competitive score."

In a State in which the administrative and monitoring units responsible for Title III are in close physical proximity, the Associate reports that "results from the monitoring are fed back into the funding process on a regular basis. If any problems are discovered, administrative staff are informed immediately." In some cases, outstanding performance may have a positive effect. For example, in one State "program performance which is considered to be excellent is considered in the refunding process."

The reason given by an Associate in one State where monitoring results do not feed back into the refunding process is that there was no refunding process (all Title III projects were funded "up front"). The only refunding was a transfer in order to use FY83 funds before expiration.

Title III Management Information Systems

More than three out of four of the 20 sample States either already have Title III MIS systems that are part of their overall JTPA MIS systems or are in the process of developing integrated systems. Most of these collect the same participant and financial information on Title III participants as on Title IIA participants, but a small number have special forms or questions to collect data on Title III participants.

Two of the States with separate Title III MIS systems have systems that are similar to their Title IIA systems. The Associate from one of these writes that a centralized, automated system is possible since the Title III program is run almost entirely out of a network of "fixed institutions." In the other, Title III data is submitted in hard copy by service providers to regional representatives who transmit the hard copy to the MIS unit of the State's Department of Labor in the capital.

More than one in three of the 20 sample States currently have some type of on-line MIS in place (data is entered on terminals at local offices/projects and transmitted directly).

In addition, two other States are in the process of implementing an on-line system and some others may have tentative plans for developing better capabilities. One State requires SDAs to schedule time at its terminals for data entry by non-SDA Title III providers located in their area.

Generally, States with on-line systems generate monthly reports on participant data and monthly or quarterly reports on financial data. However, Associates report that in most of these States data can be accessed at any time although the currency of the data would range from a few days up to a month. States where data from hard copy files is entered on to the MIS at a central location generally also issue monthly reports on participant data and monthly or quarterly reports on the financial data. Associates from several States report that the emphasis of the financial reports is planned versus actual expenditures.

In general, States collect participant data on sex, age, education, ethnic group, receipt of public assistance, veteran status, labor force status, unemployment compensation status and the other items required on the JTPA Annual Status Report (JASR). In addition, average hourly wage at placement (which is not required on the JASR for dislocated workers, although it is required for Title IIA) is collected by some States. Also, some States require greater detail than is required on the JASR, for such items as education, types of public assistance received, family status, labor force status (including length of time unemployed). However, comparison of the categories for these items across State forms indicates that the data collected by States is not strictly comparable.

Several examples are illustrative:

> One State uses two categories for length of time unemployed, whereas another only has one category for unemployed, but also has an "underemployed" category.
>
> * * *
>
> One State differentiates single parents with dependents from two parent families while a second differentiates all parents with children under age 6 from all parents with children over age 6 and a third only categorizes single parents separately.
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> * * *
>
> One State breaks down average wage at placement between terminees who had preprogram wages and those who did not while others use an overall average wage at placement.
>
> * * *
>
> Differentiations are made in some States between individuals who have filed for Unemployment Insurance compensation, those who are currently claimants, or who are exhaustees -- whereas some States use only the latter two categories.

Currently, about one in four sample States collect 90-day follow-up data as part of their MIS. And, one of the States in the process of implementing its on-line system plans to include follow-up data. Generally, follow-up data is collected only on placements. A small number of other States have a 30-day follow-up, but it is uncertain whether this information is always entered on the MIS. (In one State, a 30-day retention check is done by the SDAs; in another, the follow-up is the responsibility of the subcontractor, but since this provision has not been enforced to date, the Associate notes that the information is spotty and unreliable). The level of detail of follow-up information varies -- one State which uses performance-based contracts, and makes an additional payment for retention at 90 days, collects information on employment, occupation and wages.

10.5 Summary

A continuing issue surrounding Title III has been the rate of expenditure. The Reagan Administration requested a $110 million recision in Title III in PY84 in its fiscal year 1985 budget based on the low expenditure rate of Title III funds. The Phase II report on this study indicated that virtually all the Title III allocations had been obligated by the States as of the end of the transition year but only slightly under 40 percent had been expended. In Phase III of the study, the Associates examined obligation and expenditure in more detail. At the end of the third quarter of PY84, States had obligated roughly 80 percent of the Title III funds available. On average, expenditure of obligated funds was running at about 40 percent.

This doesn't tell the complete story however. A majority of the States had obligated three-fourths of their available funds while one-fourth of the States in the sample had obligated less than half their allocations. Further, while the average expenditure rate was in the range of 40 percent, again the results were divided between the majority of States and the one-fourth with low obligation rates. What this latter group of States held in common was their allocation procedure -- they either made funds "available" to SDAs or local employment service offices. Service delivery areas could apply for the funds or ES offices could draw them down. In both cases, however, the funds were held at the State level and not budgeted to the local entities.

The majority of States indicated that they would obligate all of their available funds by the end of the program year. However, due to lags in the allocation process as well as in expenditure, it is likely that the Title III program will have a 25 to 40 percent carryover of unexpended funds.

By the end of Phase III, all but two States in the sample implemented performance standards for Title III. Most based their Title III standards on Title IIA standards rather than transition year Title III experience. All 18 set entered employment rate standards, 12 set cost per placement standards and half set average wage at placement standards. A few States implemented additional standards such as wage replacement or earnings gain measures.

Most States monitor both performance (usually monthly) and expenditure (usually quarterly). The results of the monitoring feed back through corrective action requests and refunding decisions.

Associate ______________________
SDA ____________________________

7. We are interested in how specific service providers are selected (or terminated). To what extent is the PIC involved in these decisions? What criteria are used in making these decisions: performance (placement and cost); service to chosen target groups; willingness to undertake performance based contracts; etc.? Is there a formal rating system for selecting service providers? Are there specific contractors for special target groups (youth, older workers, displaced homemakers, handicapped, etc.)? If so, how are they designated?

ASSOCIATE ____________________
SDA __________________________

8. It has been suggested that in many SDAs, the nature of the training is determined by the available service providers. In this SDA to what extent do service providers determine (or limit) services available to participants? Do they influence or determine the participant selection criteria?

9. How many service providers were CETA subcontractors? Do the current providers represent a specific subgroup (the best performers, the most politically powerful, those willing to undertake performance contracts, etc.)? Are the services provided the same or different than those provided before? If different, please indicate how they are different, giving specific examples if possible?

Part II. Title IIA Service Mix and the Content of Training

1. Early reports on the types of Title IIA service being provided by SDAs ranged from OJT to occupational skills training to basic and remedial education to limited work experience or job search. Overall, there appears to be an emerging emphasis on the use of OJT and occupational skills training. One objective in this phase of the study is to examine the mix and content of the training being provided.

As a first step we would like to obtain year-to-date enrollees by program activity cumulative through the third quarter (March 1985). As in our ill-fated try in Phase 2, we are most interested in the percentage of enrollment in OJT and classroom skill training and put less emphasis on the other categories. If possible, we would like to obtain this information separately for youths and adults.

Program Activity	Description	Year-To-Date Enrollees
OJT	Training that is provided by a public or private employer at the worksite in exchange for a wage subsidy that is not to exceed 50 percent.	_____
Classroom Training	Training that may be provided in an institutional setting that is directly related to a specific occupation, paid for entirely through program funds (i.e., vocational training, carpentry, welding, etc.).	_____
Basic Education	Instruction that is provided in a classroom setting which is designed to improve basic or remedial math, reading, and general educational competencies.	_____
Work Experience	Employment provided in a public or private organization to enhance employability while exposing the participant to various occupational opportunities.	_____

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Associate ______________________
SDA ___________________________

Program Activity	Description	Year-to-Date Enrollees
Job Search	Individuals are placed in a program that requires them to locate employment opportunities (i.e., job clubs) and/or program staff conducts job development and placement strategies	_____
Other	Individuals are provided instruction in programs designed to develop, among other things: job search skills, personal appearance; and general work requirements (does not include work experience)	_____

Total Participants _____

Comments on Data

Associate ____________________

SDA __________________________

2. Please provide a discussion of the content of the various training activities provided in this SDA. If it is classroom skill training, the occupations for which training is provided, by whom (CBO, community college, vocational-technical school, private-for-profit organizations, etc.), and duration (e.g., two hours a week for a year or six hours a day for two weeks). If it is job search, is it a job club, Employment Service Job Search, job development by program staff, etc.? If it is basic education, is it formal or informal, toward a GED, and who does it?

Associate ______________________

SDA ____________________________

3. What is the service mix for youth, and how does it differ from the service mix for adults? What is the nature of any exemplary youth programs or tryout employment? Does this SDA use work experience as part of the service mix for youth? If so, how is it financed and what tradeoffs does the SDA have to make in order to use work experience? Does the youth service mix conflict with the adult program?

Associate ____________________
SDA __________________________

4. Is the SDA using youth competency achievement as a positive termination for youth? If so, how extensively are these being used? How are these "competencies" defined, who determined them, and how does a youth achieve them? Does the State certify these competencies or otherwise provide for consistency across SDAs in the definition of youth competencies?

Associate ____________________
SDA __________________________

5. What is the youth expenditure requirement for this SDA? If it was adjusted (modified) from 40 percent, on what basis was this adjustment made? Will the program described previously assist the SDA in meeting its youth expenditure requirement?

6. Does this SDA have special programs for hard to serve groups (displaced homemakers, handicapped, older workers, etc.)? What is the size of these programs? Are they financed out of Title IIA 78 percent funds; 6 percent or 3 percent funds; or some other source?

Associate ____________________

SDA __________________________

7. How does this SDA define: an enrollee; a participant; a termination; and a placement? Are these definitions prescribed by the State? Can a person receive services (screening, testing, assessment) prior to enrollment or participant status?

8. What is being done in this SDA concerning followup of program participants for program evaluation (monitoring) purposes? If followup is being done, is a sampling procedure being used? What is the time period of the followup? Is any postprogram evaluation planned or underway?

Part III. Targeting and Screening

1. Has this SDA added any specific target groups or significant segments requirements beyond those specified in the law or required by the State? If so, what are these target groups? Have the program target groups changed over time?

2. How is program intake handled (e.g., central, by service providers) and who does it (e.g., SDA staff, Employment Service, contractors)? Does the program rely on walk-ins or is there outreach? Does the SDA maintain an applicant pool?

3. Please describe the nature of the testing and assessment process? How are people assessed -- for interests and abilities, for meeting entry requirements, for particular programs, etc.?

4. What are the entry requirements for the various program activities? How are applicants screened for these entry requirements? Is there informal screening by the staff or service providers? What happens to those who do not meet these requirements?

5. Are there other informal or self-selection processes operating? For example, are there several separate sessions for screening, eligibility verification, testing and assessment? Are there minimal educational or motivation criteria that are applied by staff or service providers?

6. Are these selection processes separate or different for programs for the hard to serve or for particular target groups (e.g., AFDC, WIN registrants, youths and adults)?

7. What is the specific policy in this SDA regarding the use of stipends, supportive services and need-based payments? Does it differ by target group or program activity? Who determines the payments (e.g., SDA staff, service providers)? Has this policy changed over time? Does this SDA have a waiver of the 30 percent limit? Does it refer people to other agencies or other programs operated by the SDA for support services?

Part IV: Title IIA Performance Standards

1. Please list the actual numerical values of the Title IIA performance standards currently in effect for this SDA for Program Year 1984.

Program Year 1984 Standards

Adult	Youth

2. When were PY84 standards first proposed/established for this SDA? Were these initial figures subsequently modified and/or is it anticipated that the standards will be recalculated on the basis of end-of-year data? Who performs the calculations?

Associate ________________________

SDA ______________________________

3. How were these specific standards established? Did the SDA have any role in the establishment, modification or adjustment of its standards? Were there any negotiations between SDA staff and the State over the specific standards for this SDA?

4. Did the State add any standards beyond the seven DOL measures? Did the PIC add any SDA level performance measures to those required by the State? If so, what were they and why were they added?

5. How widespread is the use of performance based contracting in this SDA? What are the perceived advantages/disadvantages of fixed unit price contracts? What activities/services are funded through performance based contracting? What are the general terms of those contracts? Are performance expectations for subcontractors uniform or do they vary from contract to contract? What is the effect of contracting arrangements on the selection of subcontractors and on standards attainment at the SDA level?

Associate ____________________
SDA __________________________

6. In your judgment, to what extent is the program driven by the performance standards (e.g., do the performance standards determine "entry criteria" for the various program activities)? How much attention is given to hard-to-serve groups? If certain groups are underserved, does this appear to result primarily from constraints imposed by performance requirements, or from other factors, such as the philosophy of the PIC, the lack of stipends, etc.? Do significant segments requirements and/or targeting guidelines imposed by the State, if any, appear to have any effect in this SDA?

7. How does the State's 6 percent incentive grant policy affect this SDA? Does this appear to provide strong incentives just to meet the standards or to substantially overperform? Why? What are the local expectations with respect to PY84 performance/incentives/ sanctions? Is there evidence and/or potential for the SDA to manipulate data systems in order to improve measured performance? How?

Part V. Summary Section - Major Analysis Questions

1. Based on the information obtained in this round on the organization and implementation of JTPA and on your analysis of this SDA's operation, please characterize the thrust of the program in this SDA (e.g., service to clients, economic development, service to employers, etc.). Within this context, is the program primarily participant oriented, employer oriented or does it have some other flavor (e.g., economic development)?

Associate ____________________

SDA __________________________

2. This report has outlined a number of issues (performance standards, use of set-asides, the youth expenditure requirement, technical assistance and monitoring, incentive grants) which are potential sources of friction between the State and the SDAs. Please characterize the nature of the State-SDA relations as viewed in this SDA. In the process, please indicate particular areas of cooperation or conflict.

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SDA ______________________________
CONTINUATION PAGE _______ QUEST. _______

APPENDIX A
STUDY METHOD

APPENDIX A: STUDY METHOD

The Westat Process Study of the Implementation of JTPA is formally divided into a study of Titles I and IIA and a study of dislocated worker programs under Title III. However, these titles are closely related, at least at the State level. Therefore, the research plan for assessing JTPA implementation at the State and local level was as follows:

- The selection of an initial 20-State sample and observation of the State-level implementation of Titles I, IIA and III. This observation took place in December 1983 and January 1984.
- Selection of an initial sample of 22 Service Delivery Areas within the 20 States for a preliminary observation of Titles I, IIA, and III implementation. This observation took place in January-March 1984.
- Selection of a sample of 40 SDAs (to include the preliminary 22) for observation, along with State-level operations, covering the entire transition year 1984 (October 1983 through June 1984).
- An observation of State and local Title I, IIA, and III programs covering program year 1984 (July 1984 through June 1985). This observation covered the same States and SDAs. This report covers all three phases of the study.

State Sample

Different JTPA titles set operational responsibility at different levels of government, but all States have Title III activities and responsibilities under Title I and IIA. This fact supports the use of a common sample of States to study both titles. Use of a common sample of States assured that the patterns of interrelationships among Title I/IIA and Title III State and local planning, coordination, decisionmaking and service delivery were observed.

A sample of 20 States was selected using a stratified random sampling procedure. The State sampling strategy was intended to provide representativeness by two major criteria: region and size. Given the relatively large sample size and stratification by these two variables, it was believed that this strategy would provide overall representativeness by all major variables of interest, while maintaining objectivity of the selection procedure.

Size has implications for the organizational environment of JTPA. Governments of larger States have agencies that are more specialized and complex in their operations. Also, a large State may have several dozen SDAs while a small State may have only one. The measure of size used in this study was the sum of allocations for Titles IIA, IIB, and III in transition year 1984 (October 1983 through June 1984). JTPA allocation formulas consider employment and the size of the economically disadvantaged population in the various States, so this sampling procedure also included the size of the population in need of JTPA services in the various States.

Regional representation provides basic representativeness on a wide range of variables, related both to economic conditions and to the organizational context of JTPA. The sample design divided the continental United States into four regions (Northeast, South, Midwest, and West), and provided a representation of States by the combination of the two stratifying variables, size and region.

The selection of sample States was done in the following way:

1. For logistical reasons, territories and States outside the continental United States (Alaska, Hawaii, Puerto Rico, American Samoa, Guam, Northern Marianas, Trust Territories, and the Virgin Islands) were excluded from consideration. The District of Columbia was also excluded because of its unique legal status (the intital phase of the study was concerned with State/local organizational arrangements). These exclusions resulted in a sampling frame of 48 States.

2. The 48 contiguous States were divided into four groups based on U.S. Department of Labor regions, on the assumption that the DOL regional structure has some administrative significance. The grouping was intended to divide the sampling frame into four groups roughly corresponding to the Northeast, Midwest, South, and West. The following groupings were obtained:

Group 1 (Northeast)

DOL Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

DOL Region II: New Jersey, New York

DOL Region III: Delaware, Maryland, Pennsylvania, Virginia, West Virginia

Group 2 (South)

DOL Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

DOL Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, Texas

Group 3 (Midwest)

DOL Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

DOL Region VII: Iowa, Kansas, Missouri, Nebraska

Group 4 (West)

DOL Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming

DOL Region IX: Arizona, California, Nevada

DOL Region X: Idaho, Oregon, Washington

3. Using the measure of size explained above, the 16 largest States were classified as "large," the next 16 as "medium-sized," and the last 16 as "small" States. Table A-1 shows the ranking of States.[1]

4. Within each of the four regions, the largest State was selected with certainty (New York, Texas, Michigan, and California). Of the remaining States, one was selected randomly within each cell formed on the basis of the region and size variables. Each State within the given cell had an equal chance of being included in the sample. (In the group of large western States, only Washington remained after the selection of California as one of the four largest States. This led to the selection of the State of Washington with certainty.) Finally, in each region, an additional State was randomly selected within the size category containing the largest number of that region's States.

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[1] Title III figures include only Federal allotments; the required nonfederal State match is excluded. The totals by State are shown in rank order in Table A-1.

Table A-1. Ranking of 48 States by TY84 JTPA Title II, IIB and Allotments to States

ALLOTMENT RANK	POPULATION RANK	STATE	TOTAL (Millions of Dollars)
1	1	California	294.370
2	2	New York	194.950
3	8	Michigan	160.847
4	6	Ohio	152.718
5	5	Illinois	147.707
6	4	Pennsylvania	144.609
7	3	Texas	119.272
8	7	Florida	95.992
9	9	New Jersey	81.560
10	12	Indiana	75.123
11	10	North Carolina	65.669
12	22	Alabama	65.317
13	17	Tennessee	63.630
14	20	Washington	59.323
15	11	Massachusetts	59.191
16	16	Wisconsin	56.302
17	19	Louisiana	55.069
18	13	Georgia	55.057
19	15	Missouri	52.777
20	23	Kentucky	49.513
21	14	Virginia	47.727
22	18	Maryland	44.143
23	24	South Carolina	42.546
24	30	Oregon	37.300
25	21	Minnesota	36.342
26	31	Mississippi	35.306
27	29	Arizona	31.371
28	27	Iowa	29.664
29	33	Arkansas	29.435
30	25	Connecticut	28.637
31	34	West Virginia	26.949
32	28	Colorado	25.062
33	26	Oklahoma	19.576
34	32	Kansas	16.038
35	37	New Mexico	15.851
36	36	Utah	13.064
37	38	Maine	12.208
38	39	Rhode Island	11.351
39	40	Idaho	11.322
40	35	Nebraska	10.400
41	42	Nevada	9.993
42	43	Montana	9.003
43	41	New Hampshire	7.479
44	46	Delaware	6.954
45	47	Vermont	6.707
46	44	South Dakota	6.682
47	45	North Dakota	6.660
48	48	Wyoming	6.647

Source: IIA; Employment and Training Reporter,
April 13, 1983, p. 948.
IIB, III: Employment and Training Reporter
April 27, 1983, p. 1020.

The resulting sample is presented in Table A-2. This sample provided both variation by size within each major region and variation by region within each size category.

Table A-2. Classification of sample States by size and region

	COMBINED FEDERAL REGIONS			
Size by TY84 Allocations	Group 1: Northeast (Boston New York, Philadelphia)	Group 2: South (Dallas Altanta)	Group 3: Midwest (Chicago Kansas City)	Group 4: West (Seattle, Denver, San Francisco)
LARGE	New York[1] Pennsylvania	Texas[1] Tennessee	Michigan[1] Illinois Wisconsin	California[1] Washington
MEDIUM	Connecticut	Georgia Kentucky	Missouri	Arizona
SMALL	Maine Delaware	Oklahoma	Kansas	Montana North Dakota

[1] Entered the sample with certainty.

4. What is the nature of the relations between the PIC and the staff of the administrative entity? Does the PIC have its own staff? Why? If so, what are the formal and informal divisions of functions between the two staffs?

5. What role does the Employment Service play in this SDA, either on the PIC or as a service provider? Has the Employment Service role changed since the transition year? Does the SDA have any say in the use of Wagner-Peyser Section 7(b) 10 percent funds?

PHASE 3 REPORT FORM Page 6
Associate ______________________
SDA ____________________________

6. In Phase 2, in addition to an increase in private-sector involvement on the PIC, we noted that some PICs or private-sector members of PICs were beginning to engage in "marketing" its product (JTPA participants) to employers. Is there any evidence of marketing the program to potential participants; to potential employers of participants; or, of efforts to increase the program's credibility, use of OJT or TJTC among private-sector employers? Is there a difference in private-sector marketing efforts for youth and for adult programs?

For transition year 1984 and program year 1984, field observations were conducted in 40 SDAs located within the sample States. A subset of these -- 22 SDAs -- was earlier selected for a preliminary analysis of the implementation of JTPA at the SDA level.

The sample of 40 SDAs for observation was selected using the same criteria used to select the 20 States: region and size of allocation. However, in selecting the SDAs, size was measured according to the TY84 Title IIA allocation only, because most States do not use formulas in allocating Title III funds to the SDAs.

The method used to select SDAs differed from the way States were selected in another respect. The SDAs could not be divided into fairly neat thirds according to allocation size, as had the States, because Title IIA allocations are unevenly distributed among SDAs. A few large SDAs account for the top third of Title IIA funds, while a large number of small SDAs (two-thirds of all SDAs) take up the bottom third of Title IIA allocations. If the same procedure had been followed as in selecting the States, the sample of SDAs would have included practically all the large SDAs and a very large number of small SDAs. Instead, about half of the SDAs were selected from among the large SDAs and the other half from among the medium-sized and small SDAs. To the extent possible, stratification by region was also done.

A further rule was that each State have at least one SDA in the final sample. The ability to equalize the number of SDAs in each cell (of region by size) was constrained by the existence of single-SDA States in the sample. Consequently, the number of SDAs in each cell is not always equal. A final constraint was that when the 22 SDAs were selected for the earlier observation, planned allocations had to be used as the measure of size. Several SDAs in the earlier sample ended up in different size categories when actual allocations were used as the measure of size. The implication of this selection is that SDA results reported here should not be taken as proportionally representative of the universe of the SDAs. The final sample of SDAs for this observation is shown in Table A-3.

The Field Associate Network

The primary element of the research design is the use of a Field Associate network for data collection and assessment of sampled States, SDAs, and Title III activities.[2] This network consists of a group of onsite observers able to collect consistent information, and to observe and assess the operation of the program in its State and local context. The Field Associates are professional economists or political scientists who teach or perform research in either universities or research institutions located in the study area. They are interested in employment and training programs and intergovernmental relations; many have nationally known reputations in the field. They are also familiar with the employment and training policy issues and funding arrangements at the national, State and local levels.

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[2] For a discussion of the Field Associate Network see: V. Lane Rawlins and Richard P. Nathan, "The Field Network Evaluation Studies of Intergovernmental Grants: A Contrast With the Orthodox Approach," American Economic Review: Papers and Proceedings, May 8, 1982; Richard P. Nathan, "The Methodology for Field Network Evaluation Studies," in Studying Implementation: Methodological and Administrative Issues by Walter Williams and others (Chatham, N.J.: Chatham House, 1982); Paul R. Dommel and John Stuart Hall, "Field Network Research and Policy Evaluation," Policy Studies Review, 4 (August, 1984), pp. 49-59; John Stuart Hall and Susan A. MacManus, "Tracking Decisions and Consequences, The Field Network Evaluation Approach," in Walter Williams (ed.), Study and Implementation: Methodological and Administrative Issues, (Chatham, New Jersey: Chatham House, 1982), pp. 100-118.

Table A-3. Sample of Service Delivery Areas for JTPA Process Study

SDA Expenditure Level	Combined Federal Region			
	Northeast	South	Midwest	West
LARGE	Philadelphia, Pa. Hartford, Conn. Delaware Balance of Maine Lehigh Valley, Pa.	Harris Co., Tex. Bluegrass, Ky. Atlanta, Ga. Fayette-Shelby Cos., Tenn. Mid-Cumberland COG, Tenn. Memphis-Fayette Cos., Tenn.	Northwest Cook Co., Ill. Grand Rapids-Kent Co., Mich. Milwaukee, Wisc. St. Louis, Mo. SDA #6	Tacoma-Pierce, Wash. Los Angeles, Calif. Phoenix, Ariz. San Francisco, Calif. BOS Montana
MEDIUM	Lackawanna Co., Pa. Clinton-Hamilton, Cos., N.Y. Rochester, N.Y.	Tulsa, Okla. Northeast, Ga. Cameron Co., Texas	Johnson-Wyandotte, Cos., Kans. Muskegon-Oceana, Cos., Mich. Atchison-Washington Cos., Kans. Western Wisconsin	Pacific Mountain, Wash. Fargo Region, N.D.
SMALL	Danielson-Willimantic, Conn.	Job Training Northeast, Okla. North Central Kentucky, Area D	Columbia, Jefferson, Mo. Vermillion Co., Ill. Illinois Valley #21	Gila-Pinal, Ariz. Butte Co., Calif.

NOTE: BOS stands for balance of State -- that is, all parts of a State not served by other SDAs.

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In a study of this type, the Field Associates make several rounds of assessment over a period of time, during which they keep in contact with the program in their State or area. Each round of assessment begins with a conference of the Field Associates. The central staff of the project brings to the conference an agenda of questions to be addressed in that round of the study. They also submit a draft report form for Associates to use in reporting their findings. This report form covers relevant issues and the kinds of data to be collected in the pursuit of those questions. The Field Associates bring to the conference their knowledge of the program at the local level and how the issues of national concern translate into policy questions of interest at that level. They are also aware of data sources available at the local program level and of the quality of that information.

During the conference, the draft report forms are discussed and revised as necessary to properly assess the primary issues of policy concern and to collect information that is consistent and usable for all jurisdictions. After the conference, a revised report form is produced and distributed to the Field Associates prior to the observation period for that round.[3]

The report form is not a survey instrument or an interviewing protocol. Rather, the questions and requests for data are addressed to the Field Associate. The Associate must determine the best local sources for the information and data needed to provide the assessments, and for the corroborative data and documents required to complete the report form.

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[3] The report forms used for Phase III of the study are shown as Appendices B and C.

During the observation period of the study, the Field Associates are encouraged to stay in touch by telephone with the central staff to discuss questions, problems, or unexpected issues. Members of the central staff also make field visits during this period, discussing the assessment with the Associates and accompanying them on their field work. This process provides valuable information and context to the central staff and helps them check on the consistency and validity of the information obtained in the report forms.

At the end of the observation period, the Field Associates send the completed report forms, with supporting documents, to the central staff. The information is then checked, coded, and analyzed. During this process the staff discuss any questions regarding this information with the Field Associates, who supply any clarification or additional information or data.

A summary report covering that round of the study is written by the central staff -- often, as in the case of this report, in concert with a group of the Associates -- and distributed to the Associates for their comments. On the basis of these comments, the draft is revised and submitted as one of the study reports.

APPENDIX B

STATE FIELD RESEARCH REPORT FORM PHASE III

APPENDIX C

SDA FIELD RESEARCH REPORT FORM PHASE III

PROCESS EVALUATION OF THE IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT

Phase 3. SDA Field Research Report

Due: July 1, 1985

Associate:____________________

SDA: _______________

Please send one copy of this report to:

Dr. Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

You should also retain a copy for yourself.

Note: In order to facilitate the analysis, your report should be made on this report form. Wherever necessary, you should insert continuation sheets in the report form. A supply of continuation sheets is appended to the report form. Please make additional copies if you need them.

Introduction to the Report Form

This report form covers Service Delivery Area (SDA) level observation in Phase 3 of the study of JTPA implementation. There are several topics of interest in this observation: relations with the State; the nature of the services provided; and the eligible population targeted by the SDA. We are also interested in identifying any problems that would be of interest for policy purposes at this point in the implementation and in allowing a further examination of potential problem areas that surfaced in the earlier phases of this study.

This report form has five sections:

Part I SDA Organization P. 2
Part II Title IIA Service Mix and the Content of Training P. 9
Part III Targeting and Screening P. 16
Part IV Title IIA Performance Standards P. 20
Part V Summary Section P. 24

Part I examines the organization of JTPA at the SDA level, the role of the PIC and particularly its private-sector members and the relationship with other organizations. Part II is concerned with the mix of services provided and the nature of those services. It also examines issues such as the content of exemplary youth programs and youth competencies. Part III examines the target groups chosen and the nature of the participant selection process. Part IV is concerned with Title IIA performance standards and related issues. Part V, the summary section, asks for assessments of State-SDA relations and the observed focus of the program based on an analysis of the issues outlined previously.

Please complete your report on this Report Form. When it is completed, make a copy for yourself and send the original, by July 1, 1985 to:

Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

If you have any questions, please call me at (800) 638-8985 or (301) 251-8239.

The following table summarizes the time periods corresponding to the various abbreviated FY and PY designations. Please make sure that your use of them corresponds to this schedule.

FY83	Oct. 1, 1982 - Sept. 30, 1983
Transition Year	Oct. 1, 1983 - June 30, 1984
PY84	July 1, 1984 - June 30, 1985
PY85	July 1, 1985 - June 30, 1985

A further complication is that appropriations still follow the fiscal year schedule. For example, funds for PY84 and PY85 were included in the FY84 (Oct. 1, 1983 - Sept. 30, 1984) budget.

As a final note, for a number of reasons that relate to protection from legal and other problems for you, us, your jurisdiction, and the people you talk to, your report should be considered confidential to the study. Any inquiries regarding your analysis should be referred to Westat. You may assure the people you talk to that no views or assessments that are given to you or reported to us will be identified with any specific jurisdiction or individual and no administrative (e.g., compliance or audit) use will be made of your report. This should not be interpreted as preventing you from expressing your opinion as an individual or from providing feedback to people you interview in the course of the study.

Bob Cook
Project Director

PHASE 3 REPORT FORM Page 1
Associate ______________________
SDA ____________________________

INTERVIEW SHEET

NAME	TITLE

MEETINGS

PHASE 3 REPORT FORM Page 2
Associate ______________________
SDA ____________________________

Part I. SDA Organization

1. Please provide a summary of the evolution of the organization of JTPA in this SDA. In your summary please include: a) the role of the local elected officials; b) the organization and composition of the PIC (including the importance of any subcommittee structure); c) the role of the staff; and d) the influence of the State. What is the major thrust, including major changes, of the program in this SDA (e.g., service to clients, placements with employers, economic development? Please discuss the background of PIC members and staff prior to JTPA (e.g., employment service, social welfare agency, and especially, CETA) and what influence this has had on the development of JTPA in this SDA. Emphasis in your summary should be on changes in the organizational structure or reasons for stability if no change has occurred.

PHASE 3 REPORT FORM Page 3
Associate ____________________
SDA __________________________

2. Please indicate the composition of the PIC (current) and characterize its role relative to that of the local elected officials (LEO) or their staff as primary, co-equal or purely advisory in the determination of the Program Year 1985 plan. What is the nature of relations between these two parties?

Associate ______________________
SDA _____________________________

3. Phase 2 suggested that private-sector influence had increased substantially. However, it was also suggested that lack of attendance and turnover were reducing the influence of the PIC. Is there formal training (orientation) for new PIC members? Is it available? How has private-sector PIC influence evolved in this SDA?

EVALUATION OF THE IMPLEMENTATION
OF THE JOB TRAINING PARTNERSHIP ACT

Phase 3. State Field Research Report

Due: July 1, 1985

Associate: ________________

State: ____________

Please send one copy of this report to:

Dr. Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

You should also retain a copy for yourself.

NOTE: In order to facilitate the analysis, your report should be made on this report form. Wherever necessary, you should insert continuation sheets in the report form. A supply of continuation sheets is appended to the report form. Please make additional copies if you need them.

Introduction to the Report Form

The general purpose of the two-year study is to identify and assess the major organizational, administrative, and operational processes and problems relating to implementation of Titles I, IIA, and III of the Job Training Partnership Act (JTPA).

This report form is organized in five parts as follows:

Part I. State Organization P. 2
Part II. Title IIA Decisions P. 9
Part III. Performance Standards Issues P. 13
Part IV. State-SDA Relations P. 18
Part V. State Organization of Title III P. 20

Part I is concerned with the evolution of the organization of JTPA in the State, the relative roles played by the "partners" and various players in the program. Part II is concerned with State targeting of Title IIA, the use of the set-asides, the youth expenditure requirement and other dimensions of the Title IIA program in the State. Part III deals with performance standards setting and measurement, the use of incentive funds, etc. Part IV is concerned with various aspects of State-SDA relations. Finally, Part V is concerned with the organization, operation and monitoring of the State Title III program.

Please complete your report on this Report Form. When it is completed, make a copy for yourself and send the original, by July 1, 1985 to:

Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

If you have any questions, please call me at (800) 638-8985 or (301) 251-2389.

The following table summarizes the time period corresponding to the various abbreviated by FY and PY designations. Please make sure that your use of them corresponds to this schedule.

FY83	Oct. 1, 1982 - Sept. 30, 1983
Transition Year	Oct. 1, 1983 - June 30, 1984
PY84	July 1, 1984 - June 30, 1985
PY85	July 1, 1985 - June 30, 1986

A further complication is that appropriations still follow the fiscal year schedule. For example, funds for PY84 and PY85 were included in the FY84 (Oct. 1, 1983 - Sept. 30, 1984) budget.

As a final note, for a number of reasons that relate to protection from legal and other problems for you, us, your jurisdiction, and the people you talk to, your report should be considered confidential to the study. Any inquiries regarding your analysis should be referred to Westat. You may assure the people you talk to that no views or assessments that are given to you or reported to us will be identified with any specific jurisdiction or individual and no administrative (e.g., compliance or audit) use will be made of your report. This should not be interpreted as preventing you from expressing your opinion as an individual or from providing feedback to people you interview in the course of the study.

Bob Cook
Project Director

PHASE 3 REPORT FORM Page 1
Associate ______________________
State __________________________

INTERVIEW SHEET

NAME	TITLE

MEETINGS

PHASE 3 REPORT FORM Page 2
Associate ______________________
State __________________________

Part I. State Organization

1. Please provide a short summary the evolution of the organization of JTPA in this State from Phase 1 to the current period. Emphasis should be on: a) the agencies involved; b) the primary actors in the system (e.g., the Governor, legislature, state council, state staff, etc.); and, c) the major decisions along the way. If there has been little change, please explain why. If necessary, please differentiate Titles IIA and III. It was suggested at the conference that you might wish to write this summary after you have completed your analysis for this round of observations.

PHASE 3 REPORT FORM Page 3
Associate ____________________
State ________________________

2. What role has been played by the Governor in the continuing implementation of JTPA? In Phase 2, most Associates noted that the Governor's role had shifted from active involvement to reliance on staff and the State Council. Has this changed? What does this imply concerning the place of JTPA in state priorities (e.g., other grant programs, etc.)? Please note in your answer whether the Governorship has changed hands or if the term of the current Governor is expiring.

PHASE 3 REPORT FORM Page 4
Associate ____________________
State ________________________

3. Please describe the functioning of the State Council: a) how often does it meet; b) is there an executive committee that sets the agenda; c) are there subcommittees for various program activities; d) has the composition of the private-sector membership changed (e.g., are members replaced by designees); e) are vacancies filled; and, f) how would you characterize the new members?

Associate ____________________
State ________________________

4. What is the role of the private-sector members of the State Council relative to the other actors? What kinds of trends may be observed in attendance, intensity of involvement, and control of subcommittees? Have the private-sector members engaged in any "marketing" effort at the State level?

Associate ____________________

State ________________________

5. What has been the role of the State Council? Would you describe its operation as "underload" or "overload" as we found in the Phase II report. Would you characterize the Council as primary, co-equal or purely advisory relative to the Governor and State staff? Has this relationship changed over time?

6. What is the formal role of the State Employment Service in the formulation of JTPA policy, programs, and contracting at the State level? This may range from being the administrative entity to that of purely a subcontractor or service provider. What is done with the Wagner-Peyser 7(b) money in this State? Is it used to encourage coordination and service provision by ES? Has the ES role changed over time?

7. As discussed in a background paper, the 1984 amendments to the Vocational Education Act require coordination with JTPA, call for State Council and PIC review of the State and local vocational education plans, and encourage service provision by local vocational education programs. Have any changes taken place in JTPA - vocational education relations?

Associate ______________________
State ___________________________

8. JTPA transfers substantial discretion in program design and operation to the Governor. As a consequence, the Federal Department of Labor has been reluctant to provide regulations or guidelines for the program. Yet it has been auditing programs in States and SDAs. What is the current nature of Federal-State relations between this State and the Department of Labor?

9. Changes in unemployment rates may substantially change the substate allocation of funds and adversely affect the viability of some smaller SDAs or create situations in which they have more money than they can reasonably spend (there is no SDA level hold-harmless provision). It has also been determined that, while an area with 200,000 population does have a right to be an SDA, the Governor can determine the boundaries of that SDA. Have any SDAs petitioned, or has the State attempted, any reconfiguration of SDA boundaries for PY 85 or taken other measures to redistribute funds?

PHASE 3 REPORT FORM Page 9
Associate ____________________
State ________________________

PART II. TITLE IIA DECISIONS

1. Please describe the State's formal Title IIA targeting. Has the targeting changed over time? Does it differ for youths and adults? If additional groups are targeted, what data is used to set and measure service to these groups. Is SDA achievement of targeting goals a requirement for receipt of incentive funds?

Associate ____________________

State ______________________

2. Please update your account of the use of Title IIA set-asides in PY 1984. What is the use of: a) the 8 percent vocational education; b) the 3 percent older worker; and c) the 5 percent administrative funds? (The use of the 6 percent incentive funds is covered in questions 4 and 5 on page sixteen of this report form.) Please describe the major differences between the actual use of Title IIA set-asides during PY 84 and their planned use during Program Year 1985.

Associate ____________________
State ________________________

3. How has the State and State Council reacted to SDAs not meeting the 40 percent youth expenditure requirement? Has the State adjusted the percentage standard? Has there been pressure from SDAs to modify the youth expenditure requirement? How has this issue evolved in this State?

Associate ______________________
SDA ___________________________

4. What is the State doing to implement youth competencies? PICs are to establish youth competencies, but, the State is to measure performance on the positive termination rate for youth. Has the State established any guidelines for how the youth positive termination rate will be measured and performance assessed?

Associate ____________________

State ________________________

Part III. Performance Standards Issues

1. What is the nature of the performance standards setting and measurement process in this State? In your discussion please include: a) the role of various State-level actors in the development of performance standards; b) any role of the SDAs in the standard setting and adjustment process; c) a comparison of the transition year, PY84 and PY85 standard setting process with emphasis on the degree of attention to performance issues; and d) whether any technical assistance was provided to the State by DOL, NGA, NAB, etc.

Associate ______________________

State ______________________

2. In Phase 2 it appeared that a substantial minority of the States did not fully understand the performance standard adjustment methodology . In PY84 some States:

- used the national standards for all SDAs;
- used DOL model-adjusted values without any further adjustment;
- did further adjustment (e.g., for productivity) of the model adjusted values; or,
- used a method other than the DOL model to set and adjust standards for the SDAs.

What procedure did this State use to set standards for PY84; PY85? Did the State establish any standards beyond the DOL standards? Please include the resulting list of actual PY84 standards for all SDAs in the State if available.

3. Why did the State use the procedure described above for PY84? Does the DOL model provide adequate adjustment of performance standards for SDAs that wish to serve specific groups of disadvantaged eligibles (e.g., Hispanics, displaced homemakers, offenders)? Does the adjustment procedure used respond to SDA pressure for adjustment?

Associate ____________________

State ____________________

4. PY84 is the first year in which both incentives and sanctions are to be associated with performance standards. (One year of not meeting standards requires technical assistance; two years leads to sanctions.) What is the 6 percent distribution policy? What proportion of funds is to be used for technical assistance, and how are these funds used? What rules govern the distribution of incentive monies among the SDAs?

5. Are there specific procedures for rewarding SDAs that have programs for hard-to-serve groups? What is the relationship between these programs and State imposed targeting requirements (if any)? What portion of 6 percent monies is targeted toward services to hard-to-serve groups?

Associate ____________________
State ________________________

6. What kind of State monitoring of Title IIA (desk, on-site) is being done and how many staff are assigned? What reporting requirements are in place and what is the frequency of reporting? How does this monitoring relate to the State technical assistance function? Has the State defined 1) an enrollee; 2) a participant; 3) a terminee; and 4) a placement?

Associate ____________________

State ________________________

Part IV. State-SDA Relations

1. A number of the issues previously discussed are potential sources of friction between the State and the SDAs. These are:

Handling of the set-asides;
Performance standards and incentive grants;
Changes in SDA Title IIA allocations;
Possible SDA reconfiguration;
State monitoring of Title IIA programs;
State targeting and significant segments requirements;
State response to the youth expenditure requirements, and
Establishment of youth competencies and measurement of the youth positive termination rate.

Please discuss the nature of State-SDA relations in light of these factors.

Associate ______________________
State ___________________________

2. How is information conveyed from the State Council to the SDAs (and vice versa)? Do any SDA directors sit on the State Council? Has an SDA director's association been formed in this State?

3. Given the State handling of the issues outlined above and your assessment of State Council (State agency staff)-SDA relations, is the State attempting to gain control (centralize, standardize) of the Title IIA program or devolve (decentralize) decisionmaking to the SDAs? Does this appear to be for policy or administrative reasons?

Associate ____________________
State ________________________

Part V. State Organization of Title III

1. How is the Title III program organized; who administers the program and controls the funding? Has this arrangement changed over time?

2. What roles in the Title III program are played by: the Governor; the State Council; and the private-sector members of the Council? Please provide examples of the involvement (non-involvement) of these parties.

Associate ____________________

State ______________________

3. Did your State use the same allocation strategy to distribute Title III funds that have been obligated since your last report? If not, what were the reasons for the State decision to change its allocation strategy? What allocation strategy is the State planning to use to distribute PY85 funds? What appears to be the rationale for this choice? If project funding is used, how are projects selected and who makes these decisions?

Associate ____________________
State ________________________

4. There are continuing concerns over build-up and expenditure rates in Title III. Therefore, we would like to determine if expenditure rates are low and why? (By "obligated" we mean formula allocations that have been promulgated and project funds for which a letter of intent to commit funds has been issued on a contract signed. "To date" is defined as the end of the third quarter - March 1985.)

a. How much money was carried over into PY84? $_____________

b. How much of this amount was unobligated? $_____________

c. What was the State PY84 allocation? $_____________

d. How much of the total has been obligated to date? $________

e. How much of the total has been expended to date? $_________

f. How much is being held in a contingency fund? $___________

If the expenditure rate is low, what are the reasons for it? Were any changes made to improve the obligation and expenditure of these funds?

Associate ______________________

State __________________________

5. Are the SDAs involved in the allocation of Title III funds, particularly project funds? The State Council? Is there any attempt to have these funds serve an economic development function? If yes, how?

6. Did this State apply for any of the Secretary's PY84 discretionary money? What were the reasons for (not) applying? How does the application for discretionary funds fit into the State's Title III allocation procedure? What is the current status of the State's application?

Associate ____________________
State ________________________

7. What is the focus of the State's targeting of Title III? What is the definition of a dislocated worker? Is there an implicit or explicit type of targeting (industry, occupation, geographic area, area or industry with declining employment, plant closings, etc.)? Has the State changed its targeting (e.g., to include farmers or displaced homemakers)?

8. Has the State set performance standards (entered employment rate, wage level, cost per placement) for Title III; for PY84, PY85? Are these standards based on the Title IIA standards? Are these standards included in project contracts?

PHASE 3 REPORT FORM Page 25
Associate ____________________
State ________________________

9. What sort of monitoring procedure does the State have for its Title III program? Does it include financial as well as participant information? Is the monitoring unit separate from the administering agency? Do the monitoring results feed back into the project funding/refunding process?

10. What sort of MIS has the State set up for Title III? What kinds of data are required and what does it show? What is the frequency of reporting? Are there any followup requirements?

PHASE 3 REPORT FORM Page 26
Associate ______________________
State ______________________
CONTINUATION PAGE _____ QUEST. _________

Table 5-1. Distribution of adult JTPA Title IIA eligibles (i), and participants (ii), and CETA Title IIB participants (iii) by various characteristics (percent)

Characteristics	JTPA Eligibles	JTPA Participants		CETA Participants
		Oct. 83-June 84	July 84-March 85	
Total	100%	100%	100%	100%
Sex				
Male	43.3	50.5	45.8	45.5
Female	56.7	49.5	54.2	54.5
Age				
22-44	55.2	87.6	88.7	88.6
45-54	11.4	8.3	6.7	7.9
55 or more	33.4	4.1	4.6	3.5
Minority Status				
White (excluding Hispanic)	66.3	57.3	57.6	51.5
Black (excluding Hispanic)	21.0	29.4	29.0	29.1
Hispanic	9.2	9.4	9.8	11.4
Other	3.0	3.9	3.6	7.9
Family Income as Percent of Poverty Line				
50% or less	42.9	69.0	65.0	68.6
51-70%	11.7	10.2	12.7	9.1
71-90%	15.3	10.5	12.4	7.9
91-100%	7.1	4.2	3.9	4.0
101% or more	23.1	6.1	6.1	10.4
Family Income per Person				
$500 or less	27.1	48.2	43.5	54.1
501-1,000	7.2	9.3	8.8	12.6
1,001-2,000	16.7	17.3	18.2	18.6
2,001-4,000	31.1	18.8	21.3	11.5
4,001 or more	17.8	6.4	8.2	3.2
Labor Force Status				
Employed	36.6	8.8	10.1	13.2
Unemployed	10.1	82.2	79.7	56.2
Not in Labor Force	53.3	9.0	10.3	30.7
Receiving Public Assistance	44.1	43.8	43.9	53.8
Receiving AFDC	12.8	21.4	22.0	25.3
Receiving SSI	15.2	1.8	2.3	5.6
Education				
Less than high school	47.5	24.8	26.0	35.0
High school or more	52.5	75.2	74.0	65.0

Source: JTPA Eligibles from the March 1984 Current Population Survey (i); JTPA Participants from the Job Training Longitudinal Survey (ii); and CETA Participants from the Continuous Longitudinal Manpower Survey (July 1, 1980-June 30, 1981).

Table 5-2. Distribution of youth (14-21 years old) JTPA Title IIA eligibles (i), and participants and (ii), CETA Title IIB participants (iii) by various characteristics (percent)

Characteristics	JTPA Eligibles	JTPA Participants		CETA Participants
		Oct. 83-June 84	July 84-March 85	
Total	100%	100%	100%	100%
Sex				
Male	47.6	49.0	50.6	48.8
Female	52.4	51.0	49.4	51.2
Age				
14-16	35.8	13.9	12.3	24.5
17	12.1	15.2	16.3	12.6
18	13.1	19.2	20.7	18.3
19	12.5	18.9	18.4	17.5
20	12.9	17.7	17.2	14.2
21	13.6	15.1	15.2	12.9
Minority Status				
White (excluding Hispanic)	53.8	49.1	49.6	45.4
Black (excluding Hispanic)	28.9	36.0	35.8	37.6
Hispanic	13.2	10.7	10.6	11.9
Other	4.0	4.2	4.0	5.1
Family Income as Percent of Poverty Line				
50% or less	49.5	62.6	63.1	61.1
51-70%	10.9	13.1	14.1	9.9
71-90%	13.7	13.5	13.0	10.7
91-100%	6.6	4.9	4.2	4.2
101% or more	19.3	5.9	5.6	14.1
Family Income per Person				
$500 or less	31.7	42.5	41.7	47.1
501-1,000	10.7	8.8	8.6	14.5
1,001-2,000	22.2	23.1	20.7	23.6
2,001-4,000	28.4	20.9	22.8	11.7
4,001 or more	7.0	4.8	6.2	3.1
Labor Force Status				
Employed	29.0	7.1	9.1	14.0
Unemployed	13.6	59.5	57.7	38.9
Not in labor force	57.4	33.4	33.2	47.1
Receiving Public Assistance	53.3	37.2	37.7	46.8
Receiving AFDC	25.8	19.4	20.6	23.7
Receiving SSI	8.5	3.1	3.0	7.9
Education				
Less than high school	70.4	58.2	59.1	62.2
High school or more	29.6	41.8	41.0	37.8

Source: JTPA Eligibles from the March 1984 Current Population Survey (i); JTPA Participants from the Job Training Longitudinal Survey (ii); and CETA Participants from the Continuous Longitudinal Manpower

Table 5-3. Targeting by the States and SDAs

	State (n=20)		SDA (n=40)	
	Phase II	Phase III	Phase II	Phase III
No targeting beyond that of the State				28
No targeting beyond that in the law	7	5	3	8
Significant segments	4	2	11	5
General asssistance	4	2	8	6
Limited English	1	2	5	3
Dislocated workers	3	3	3	7
Females	2	5	7	9
Minorities	5	7	10	12
Dropouts	5	5	17	11
Older workers	3	7	10	14
Displaced homemakers	2	3	8	7
Offenders	1	3	7	5
Handicapped	3	10	18	22
Unemployed and underemployed	1	1		2
Single parents	2	3	9	7
Veterans		4	9	9
UI claimants		2	3	5
Foster care children		1	1	2
Alcoholic and addicts	-	2		4
Refugees	-	1		2
Homeless	-	1		2
Average Number of Additional Target Groups	1.8	3.2	3.15	3.35

Table 9-1. Title III allocation mechanisms during TY84[1] and PY84 used for non-discretionary funds

Allocation Mechanisms	TY84	PY84
General RFP process (Statewide coverage not guaranteed)	A,E,G,K,N	A,E,G,K,L,N
Project basis for specified areas (may or may not use an RFP)	C,I,L,O,R	M,O,R
Funds earmarked for SDAs and distributed through RFP process	P	I,S
Statewide non-RFP	B,D,F,H,J,Q,T	B,C,D,F,H,J,Q,T
Formula-funded to specific SDAs/counties	--	--
Formula-funded to all SDAs/counties	M	P
Predetermined allocations distributed to each SDA/county on a project basis	S	--

[1] The Transition Year mechanisms are those that were in effect at the end of TY84.

NOTE: Each of the 20 States in the sample is designated by a capital letter. This table represents the allocation mechanism used for the largest proportion of States' formula allocations. Several States retained some formula funds for a Governor's discretionary fund or as a "rapid response fund."

Table 10-1. Title Funding in Sample States

Allocation/Carryover	Dollars (in thousands)
Allocations through the TY84	85,313
Carryover into PY84	30,766
Unobligated Carryover	2,102
PY 1984 Allocations	97,713
Total Funds Available in PY 1984	128,496

Table 10-2. Uses of Title III Funds in PY 1984 by Sample States

Use of Funds	Maximum	Minimum
Obligated	83%	79%
Expended through March 31, 1985	43	37
Held in Contingency Fund	3	2